



Annual Results Presentation

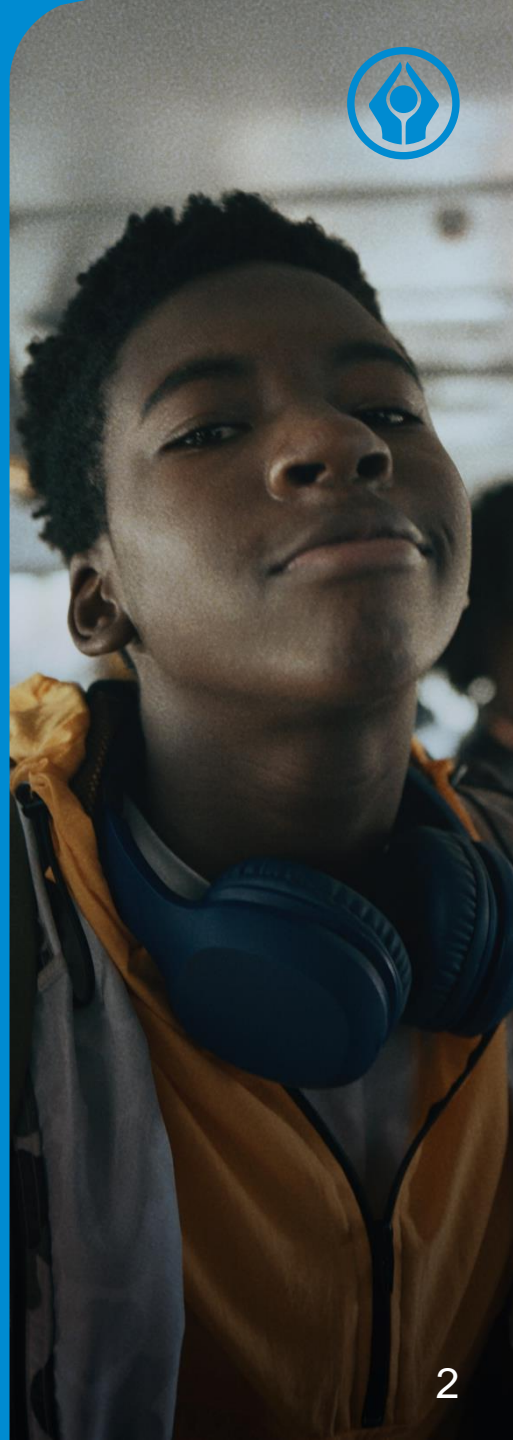
10 March 2022



Financial Planning | Investments | Insurance | Health | Retirement | Wealth

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1. Overview
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3. Business performance
4. Priorities and outlook
5. Additional information





01

Overview

Paul Hanratty

●● Key messages

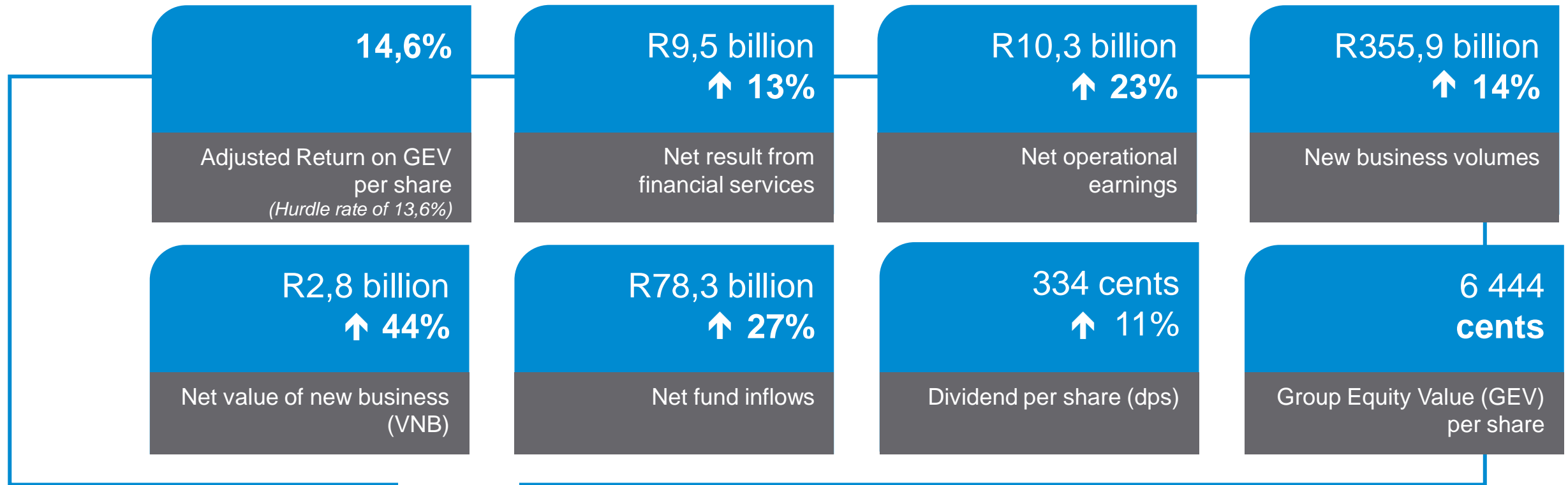
- Delivered excellent outcomes to clients, including R22 billion of gross mortality claims and R3,2 billion of CBI claims (including R1 billion interim relief in 2020)
- Strong financial performance despite ongoing pandemic
- Operational performance base restored to pre-pandemic levels
- Exceeded targets on all key financial performance indicators
- Gained market share in most lines of business in South Africa
- Strengthened key platforms to enhance future growth
- Continued investment to grow our digital businesses and build digital ecosystems



●● Key performance indicators for 2021



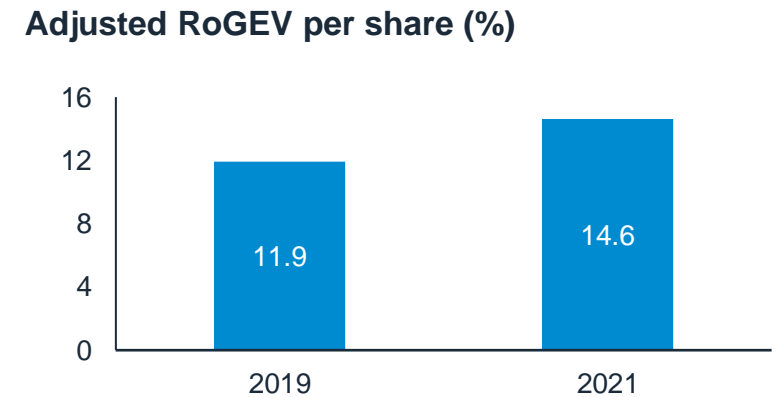
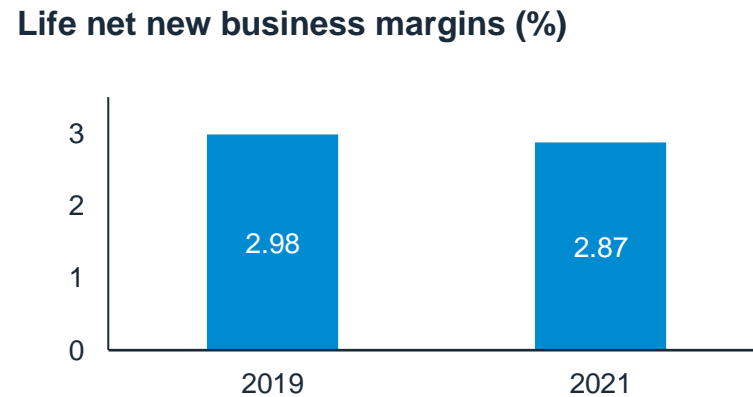
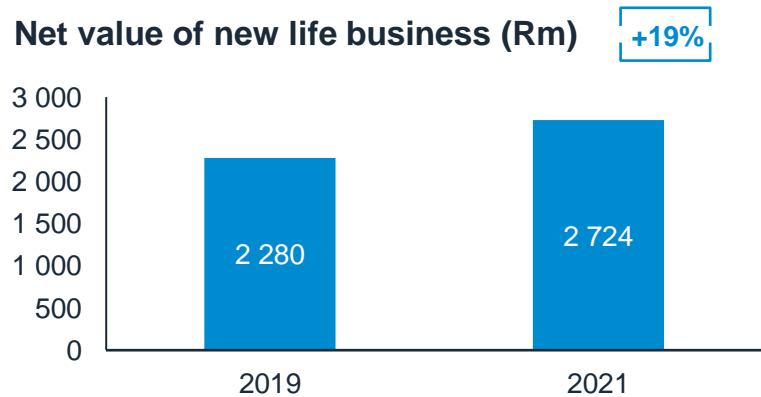
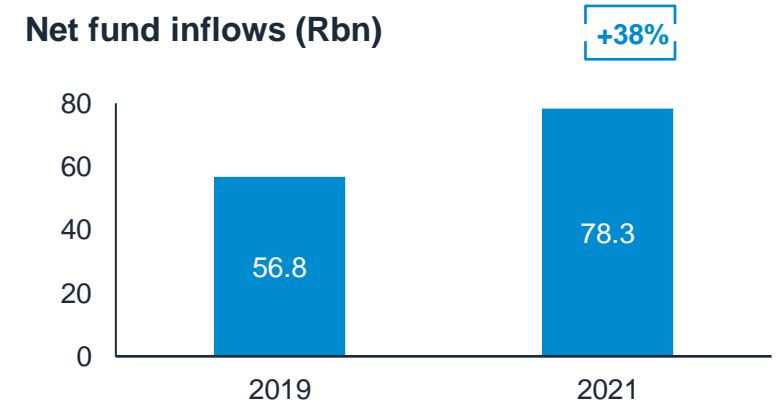
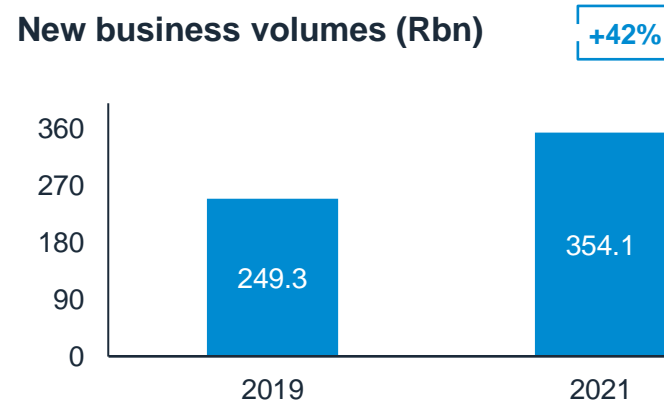
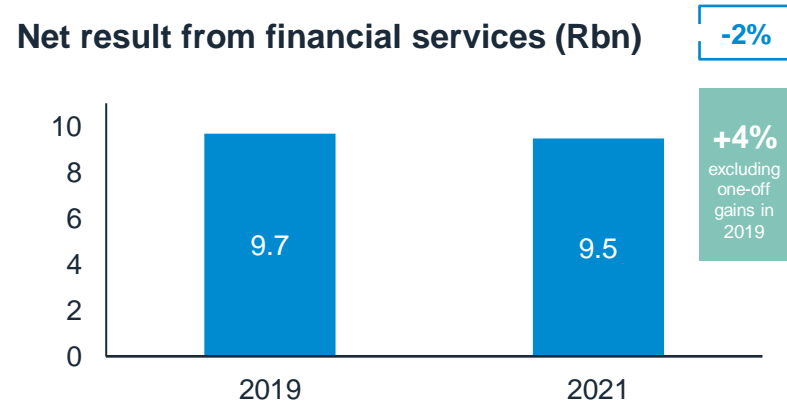
Strong financial performance despite the continuing pandemic





Operating base restored to pre-pandemic levels

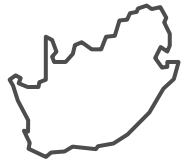
Key metrics relative to 2019*



* constant currency

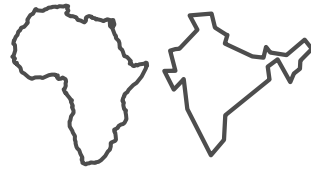


● Strategy execution delivering on existing platform



Fortress SA

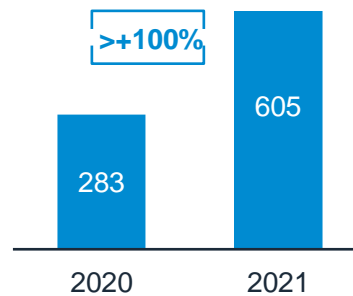
- Significant new business and net inflows in life insurance and asset management
- Strengthened position across all market segments and lines of business
- Data analytics and client engagement supporting excellent persistency
- Partnerships and empowerment credentials enhancing growth



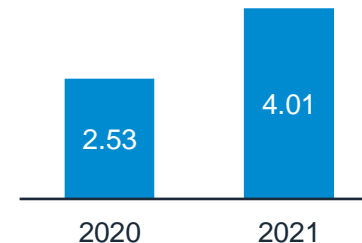
Other EM

- Strong growth from life insurance platform at improved margins
- Strong inflows into asset management platform
- Progress to rebalance SPA GI float portfolio

*Life VNB (Rm)



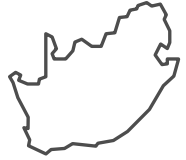
Life VNB margin (%)



Digital

- Technology enabled improvement in agent productivity and client experience
- MiWay Life and Indie combined growth of 22% on 2020 and 97% on 2019, VNB +63% on 2020
- Sanlam Credit Solutions over 210k users, adding 20k per month and enabling cross-sell
- Wealth Bonus enabling cross-sell and deepening client relationships
- MiWay Blink launched as digital general insurance product

●● Strategy execution enhancing our platforms for future growth



Fortress SA

- Asset management scale and empowerment through ARC and Absa transactions, ESG embedded in partnership with Robeco, building alternatives capability
- Corporate business transactions with Alexander Forbes enhance focus on umbrella fund and scale group risk, launch of health offering in partnership with AfroCentric
- Retail strengthened through Alexander Forbes and Absa LISP transactions



Pan Africa

- MTN InsurTech platform to reach millions of underserved clients to enhance financial inclusion
- Continue to explore the optimisation of our Pan-Africa portfolio through strengthening our position in key markets and exiting sub-scale operations
- Improve performance of health platform



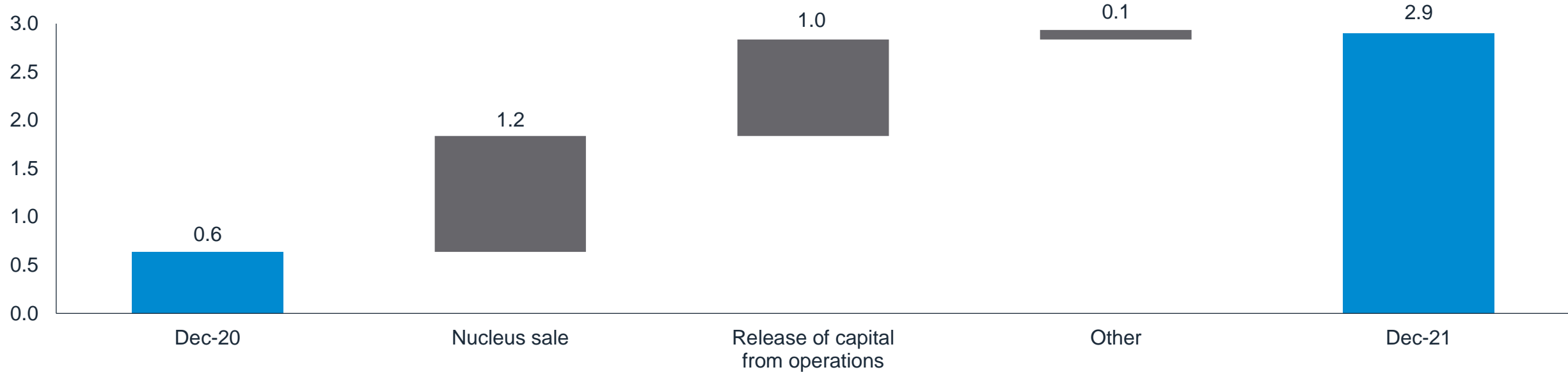
Other markets

- Exit UK life insurance, wealth and financial planning businesses (above GEV before write-up to transaction values), retain international asset management capability
- Shriram Group realignment reduces one layer between Sanlam and operating entities, allows focused strategic planning for each business

● Strategy execution disciplined capital allocation



Discretionary capital (R billion)



- Balance sheet optimisation releases R1 billion
- Proceeds from sale of UK life, wealth and financial planning businesses of some R3 billion expected in 2022
- Group will target a minimum of R3 billion of discretionary capital due to COVID-19 uncertainties until this is no longer required
- Sufficient capital flexibility for strategy execution

●● Our Purpose: Sustainability and governance

- Execution of strategy driven by our purpose of empowering generations to be financially confident, secure and prosperous
- Focus on shared value creation, financial inclusion, sustainable investment decisions and strategic partnerships to uplift communities and promote climate change necessary to protect our vulnerable continent
- Enhanced independence of Board through three new Board members
- Excellent gender and overall diversity of the Board and Executive committee
- Appointed new Group Executive committee members
- Strong focus on continuously improving our culture – hybrid working policy implemented





2022

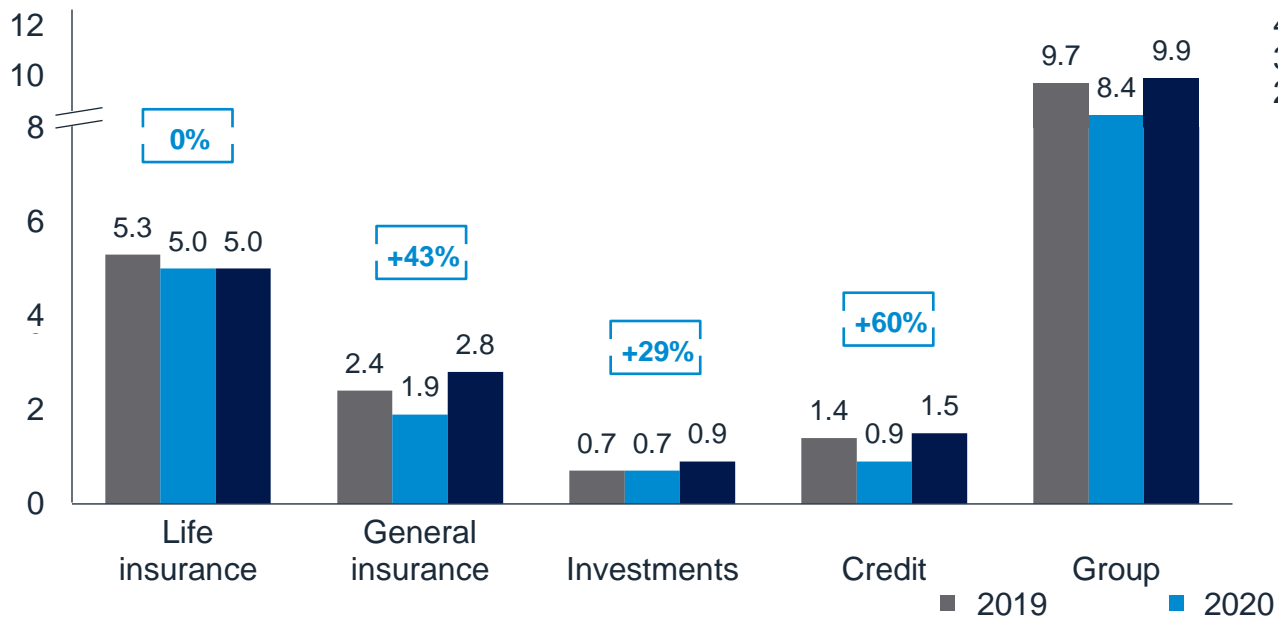
Financial results

Abigail Mukhuba

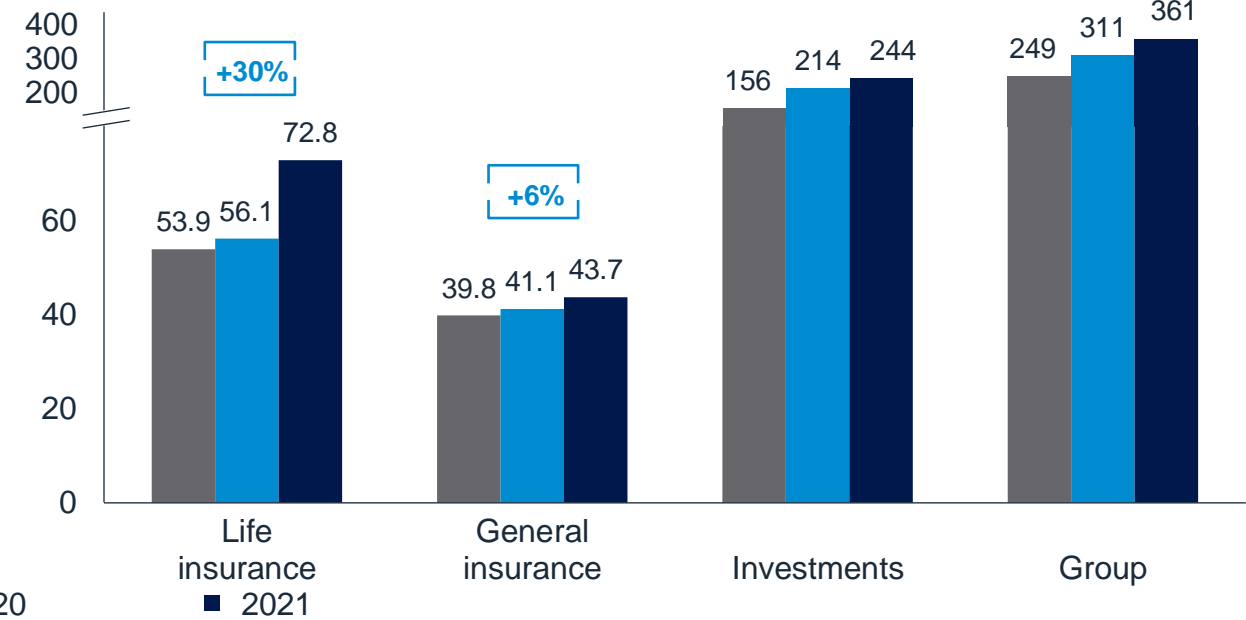
Overview of key performance indicators



Net result from financial services (Rbn)



New business volumes (Rbn)

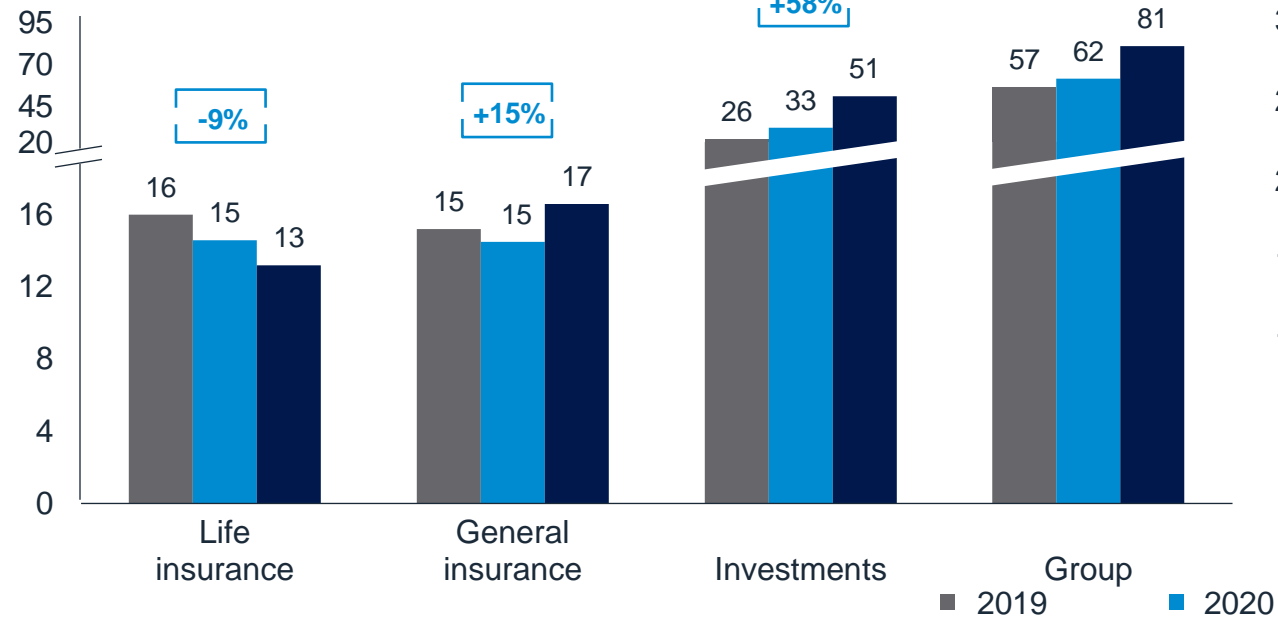


- Strong earnings growth across business lines
- Life insurance contribution solid despite COVID-19 related mortality claims
- Excellent new business volumes across business lines

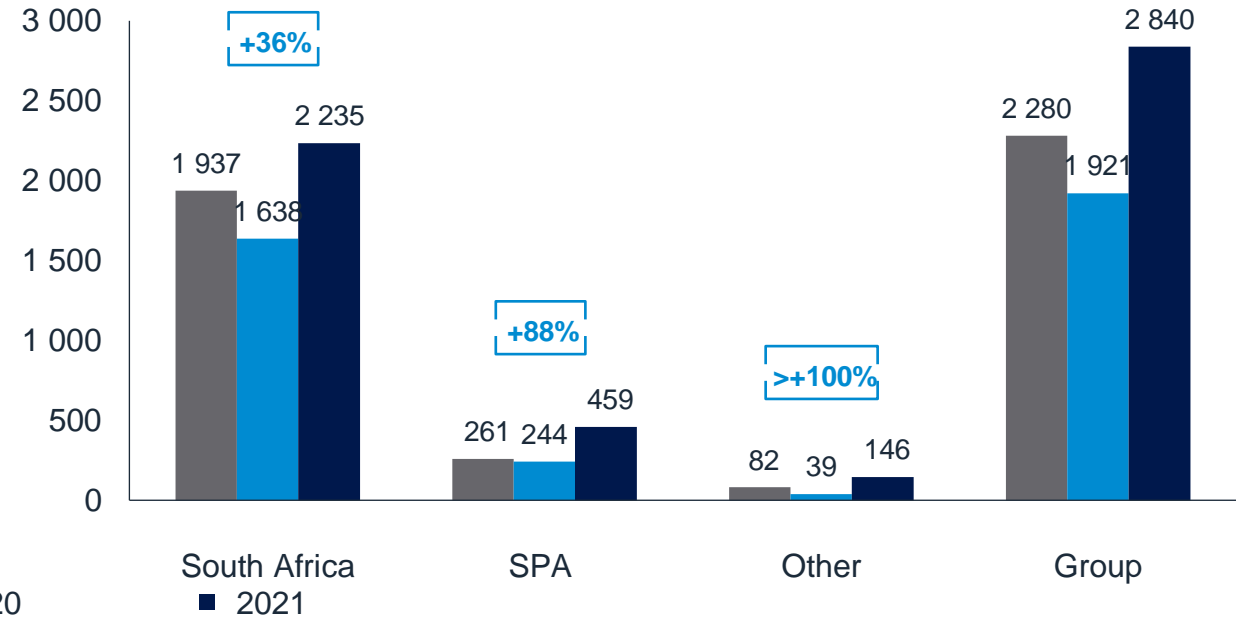


Overview of key performance indicators

Net fund inflows (Rbn)



Net value of new life business (Rm)

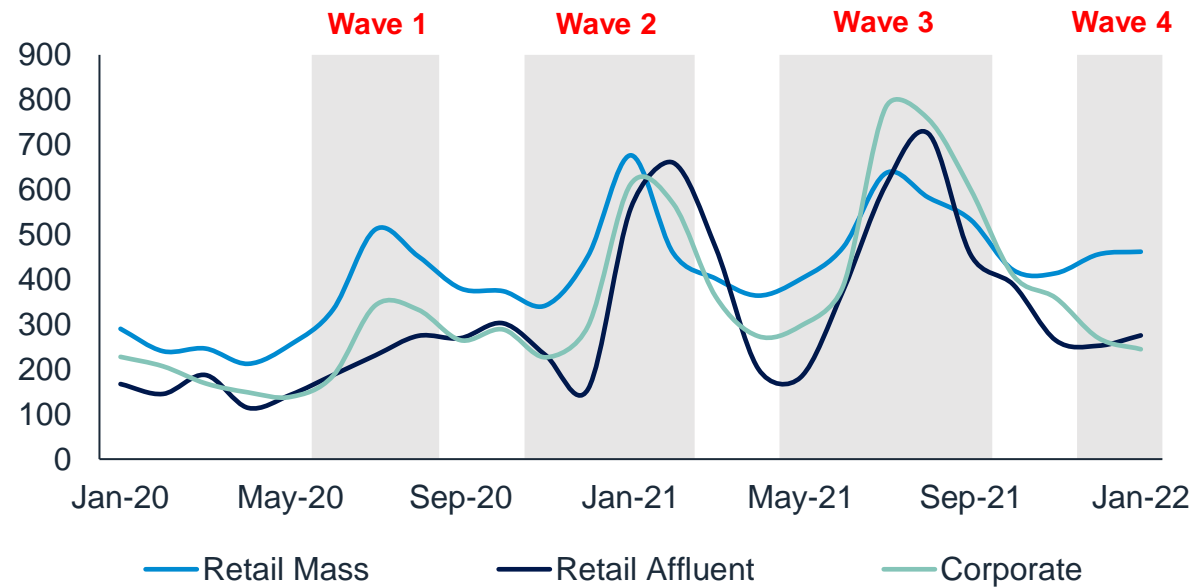


- Life insurance net inflows impacted by large COVID-19 related mortality claim payments
- Strong growth in retail and institutional investment business net inflows
- Value of new life business improved across the portfolio

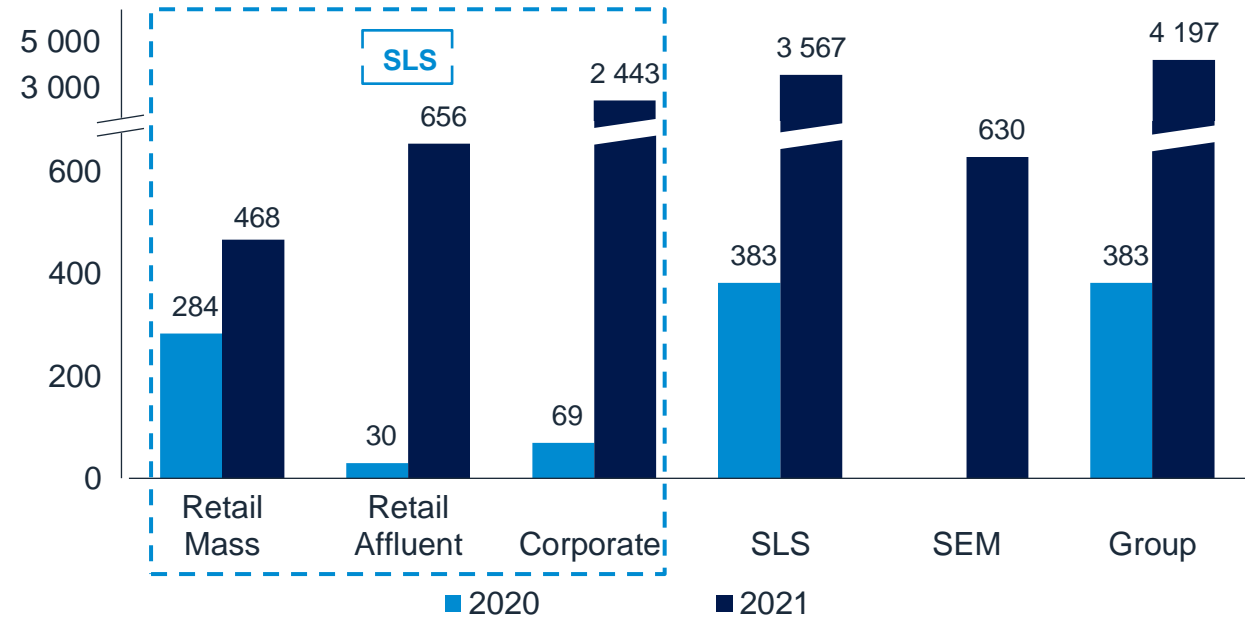


Excess mortality claims

South Africa gross monthly mortality claims (Rm)

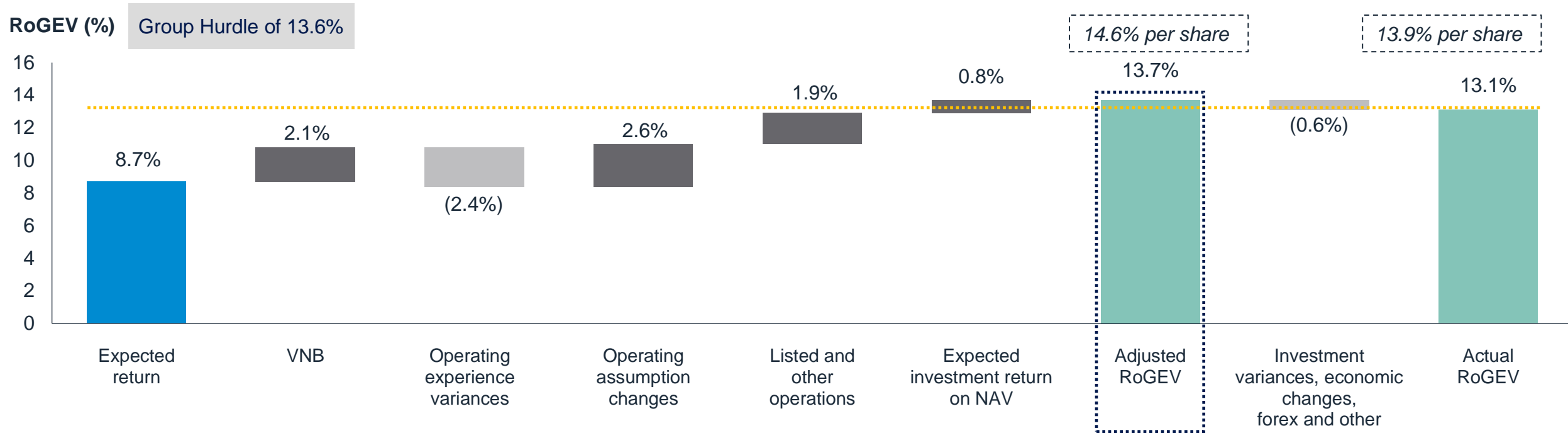


Excess mortality claims (net of tax, reinsurance, annuity and disability offsets) (Rm)



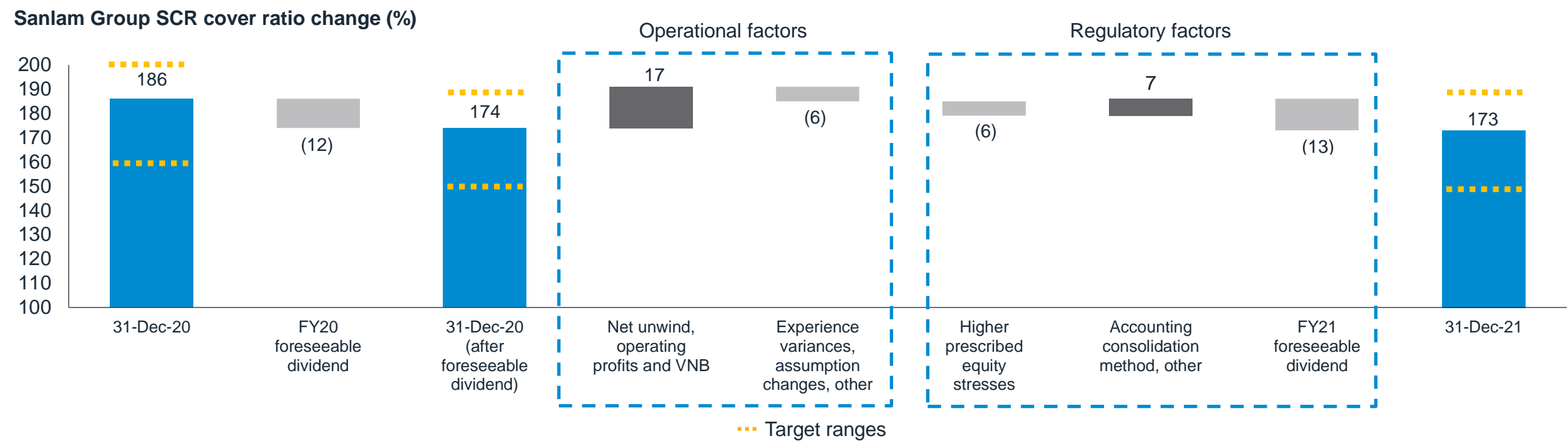
- Large mortality claims impact from third wave and significantly smaller impact from fourth wave
- Significant increase in excess mortality claims in Sanlam Corporate – market under-priced for pandemics
- SLS excess mortality claims of R3,6 billion offset by package of basis changes and repricing of group risk business
- SEM excess claims of R630 million: R466 million negative earnings impact

Return on Group Equity Value



- Higher valuations of credit, general insurance and investment businesses reflect improved performance
- Strong VNB; negative impact from risk experience
- Package of basis changes implemented including release of discretionary reserves, reversal of half of the 5% mass lapse assumption, positive persistency assumption changes and strengthening of the mortality basis

Solvency position



- Sanlam Life solo and Group solvency ratios on 31 December 2021 adjusted for foreseeable dividends
- Implemented accounting consolidation method following Prudential Authority approval
- Revised Group solvency target range from 160% – 200% to 150% – 190% in line with methodology change
- Group and Sanlam Life covered business solvency ratios remain within target ranges

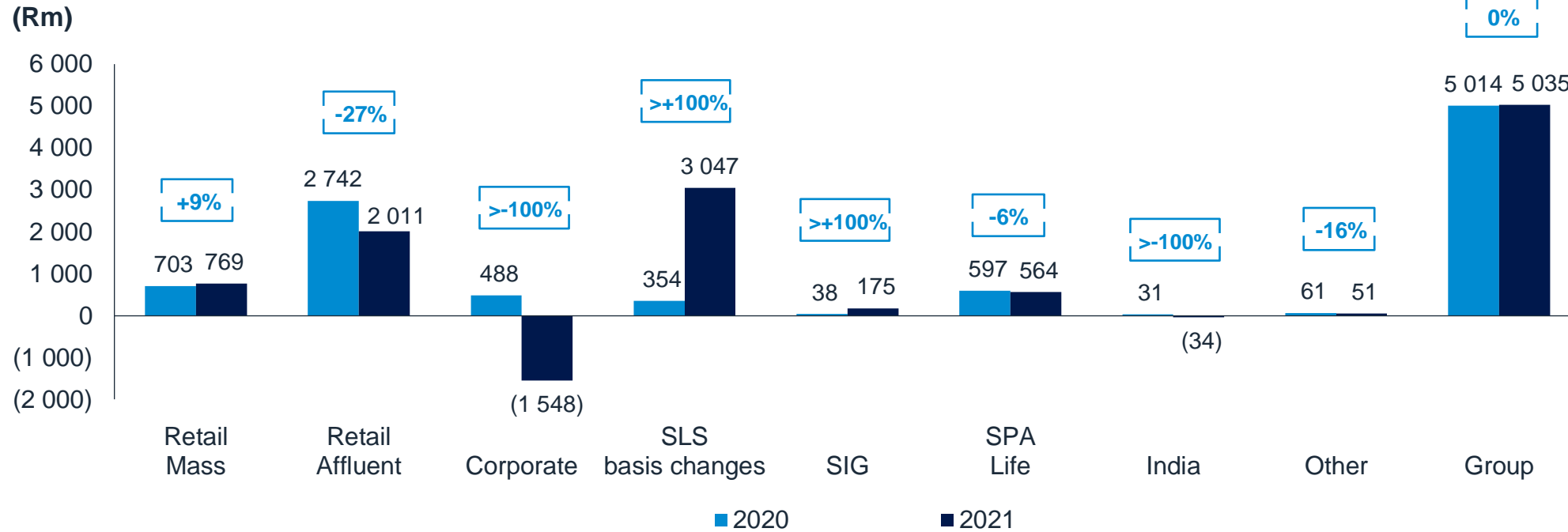
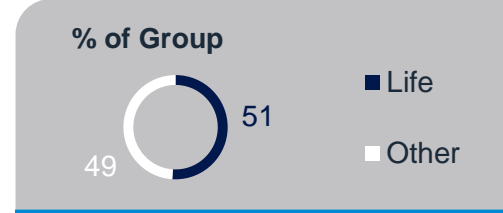


03

Business performance

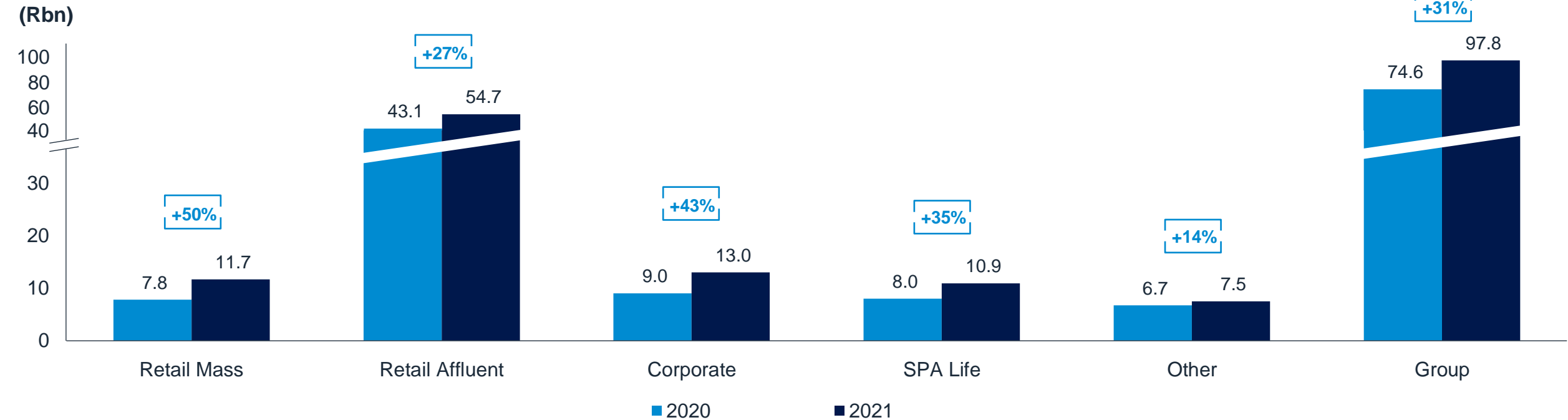
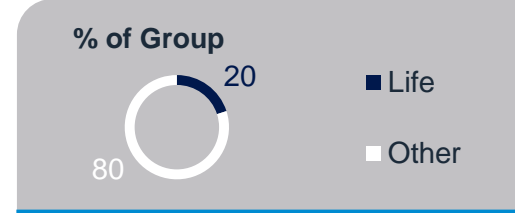
Abigail Mukhuba

Life insurance net operating earnings



- Individual Life and Capitec businesses offset weak performance from group businesses in Retail Mass
- Sanlam Corporate most significantly impacted by excess COVID-19 related mortality claims
- Annual actuarial basis changes package implemented including release of discretionary reserves

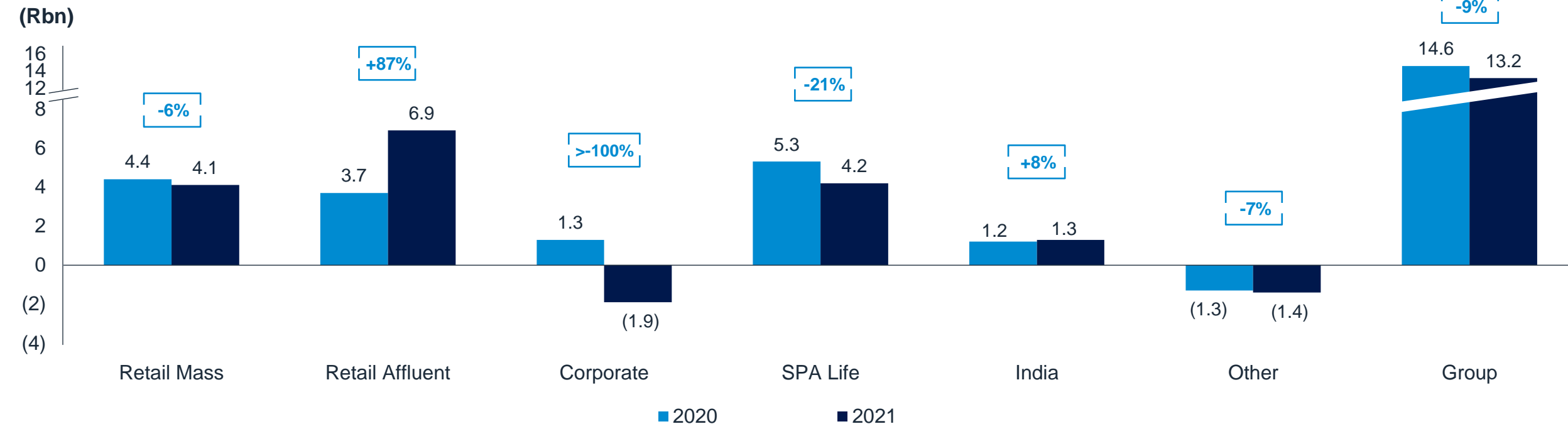
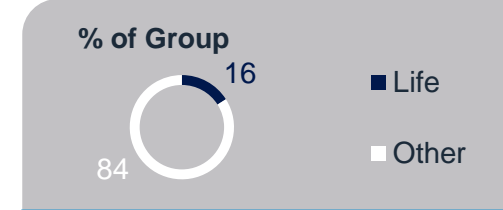
Life insurance new business volumes*



- Retail Mass recurring premiums: Individual Life +39%, Group business +81%, Capitec Bank +48%
- Retail Affluent: recurring premiums +9%, Glacier single premiums +40%
- Corporate: robust growth in Life and Investments business
- SPA Life: strong volumes growth across all regions
- Other includes India and UK

constant currency * PVNBP basis

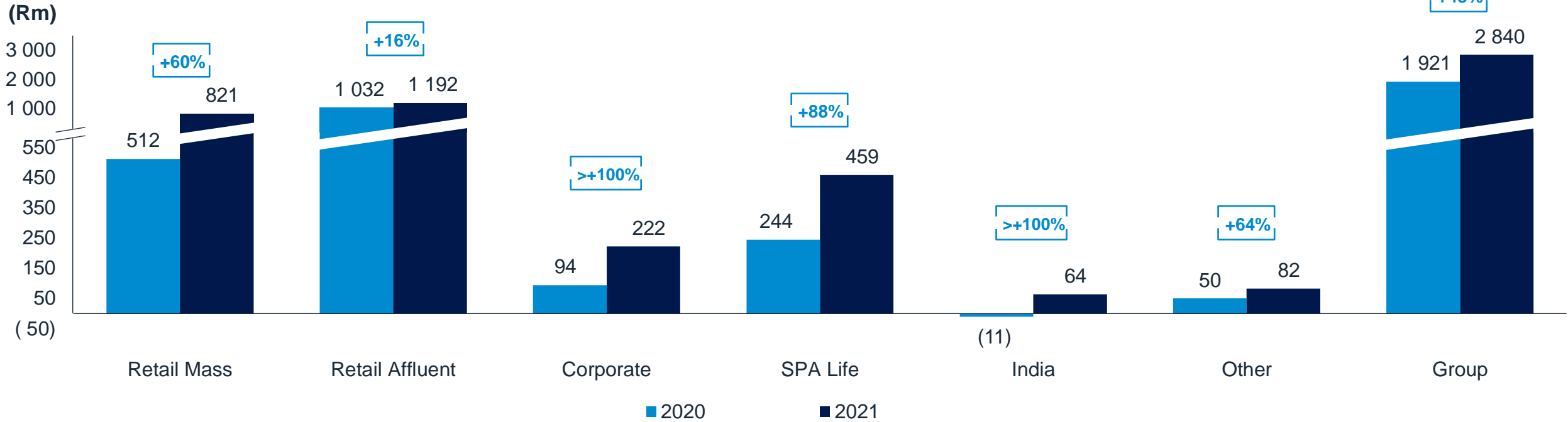
Life insurance net client cash flows



- All life insurance businesses impacted by higher COVID-19 related mortality claim payments
- Retail Affluent benefited from significant flows into Glacier

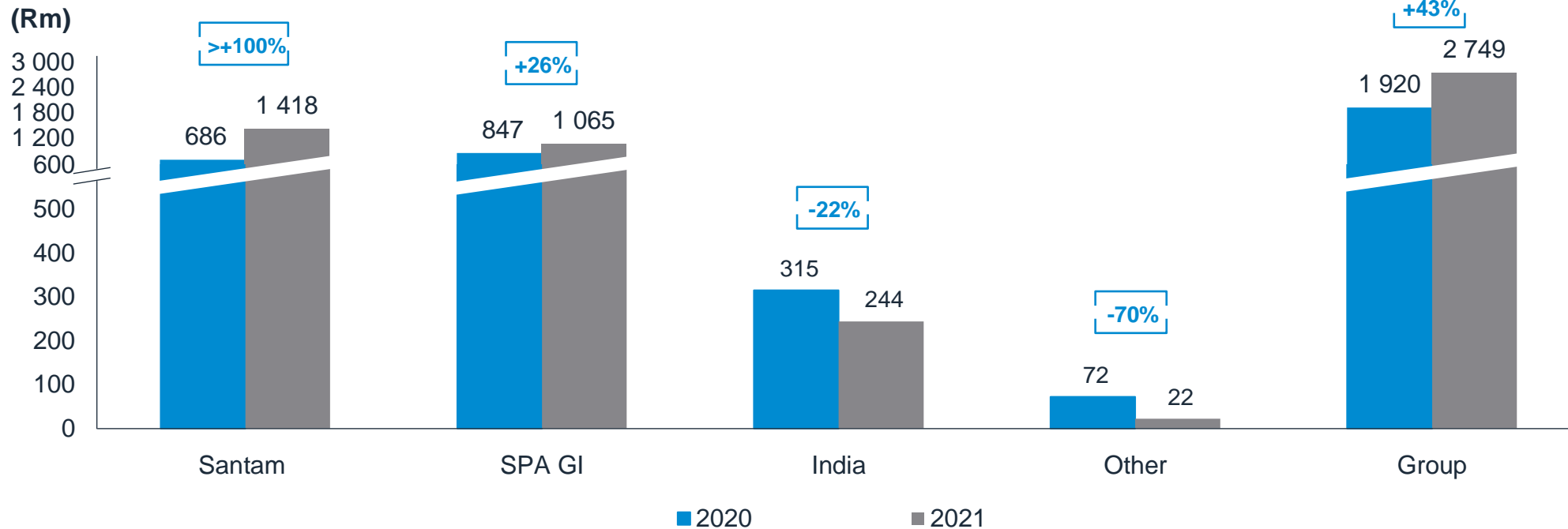
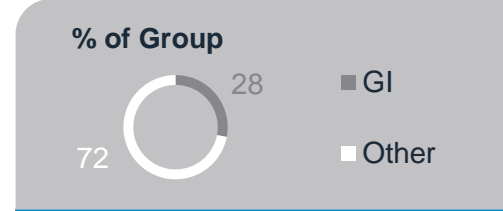


Life insurance net value of new business



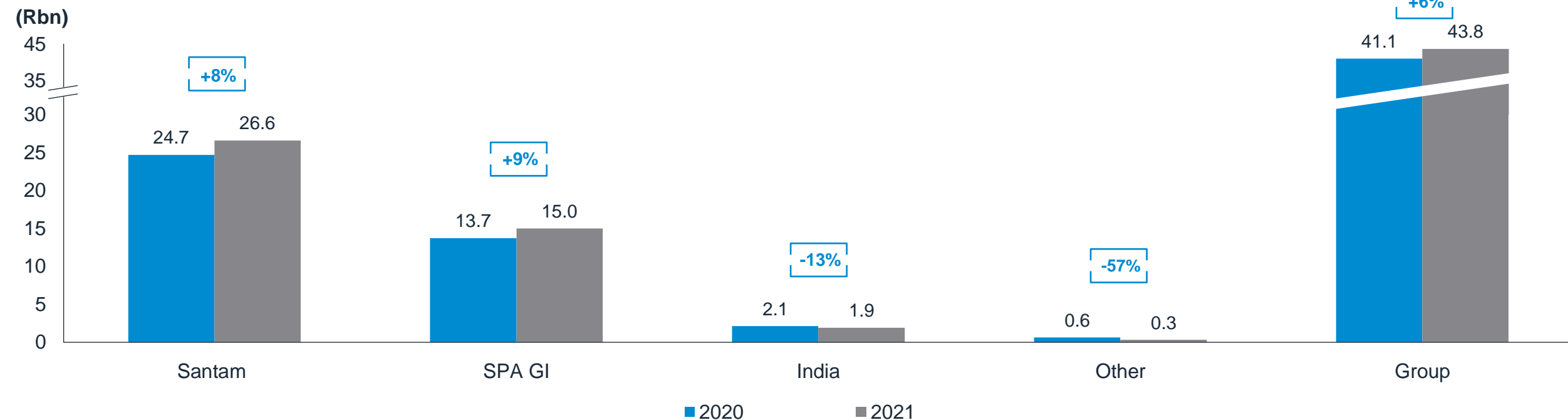
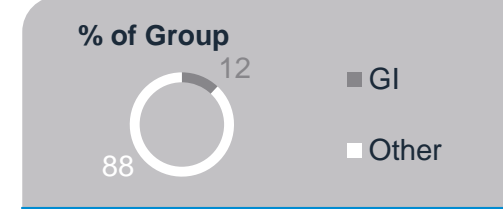
- Strong growth in all life insurance businesses
- Retail Mass, Corporate, SPA Life and India achieved good margin improvement

General insurance net operating earnings



- Santam improved in commercial and personal lines, released part of CBI provision
- SPA GI benefited from improved investment return on insurance funds
- India impacted by lack of regulatory premium increases on third-party business for the past two years

General insurance new business volumes

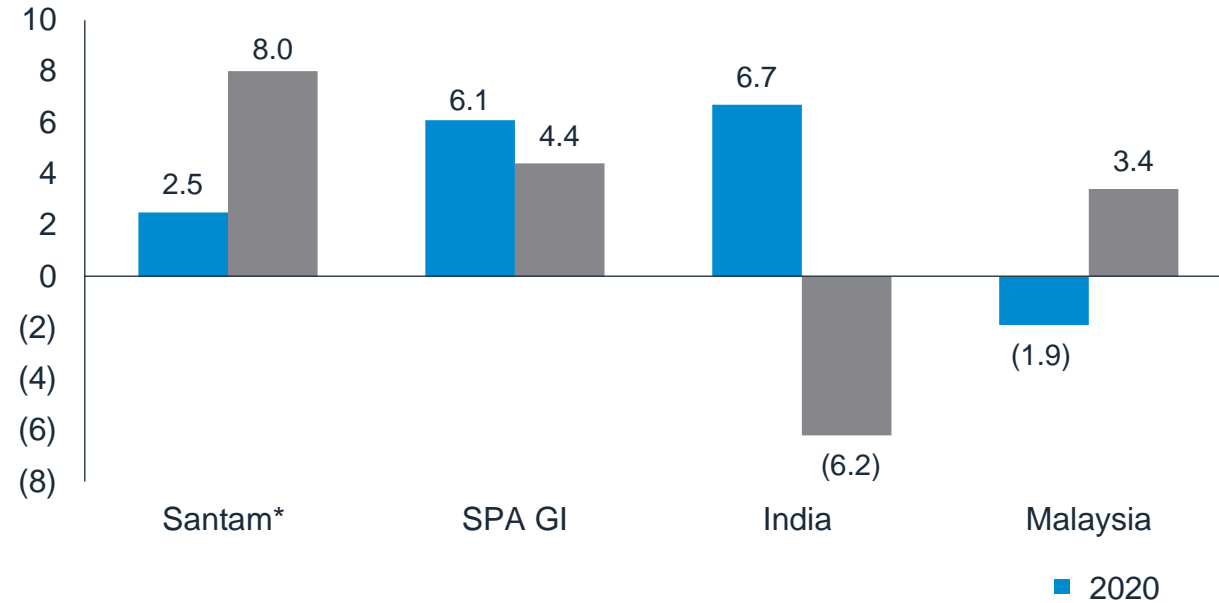


- Santam conventional business benefited from good growth at MiWay and Santam Re
- SPA GI higher volumes in Morocco and Continental Re, partly offset by weaker assistance health sales
- India impacted by lack of premium increases on third-party business and lower volumes from the credit businesses

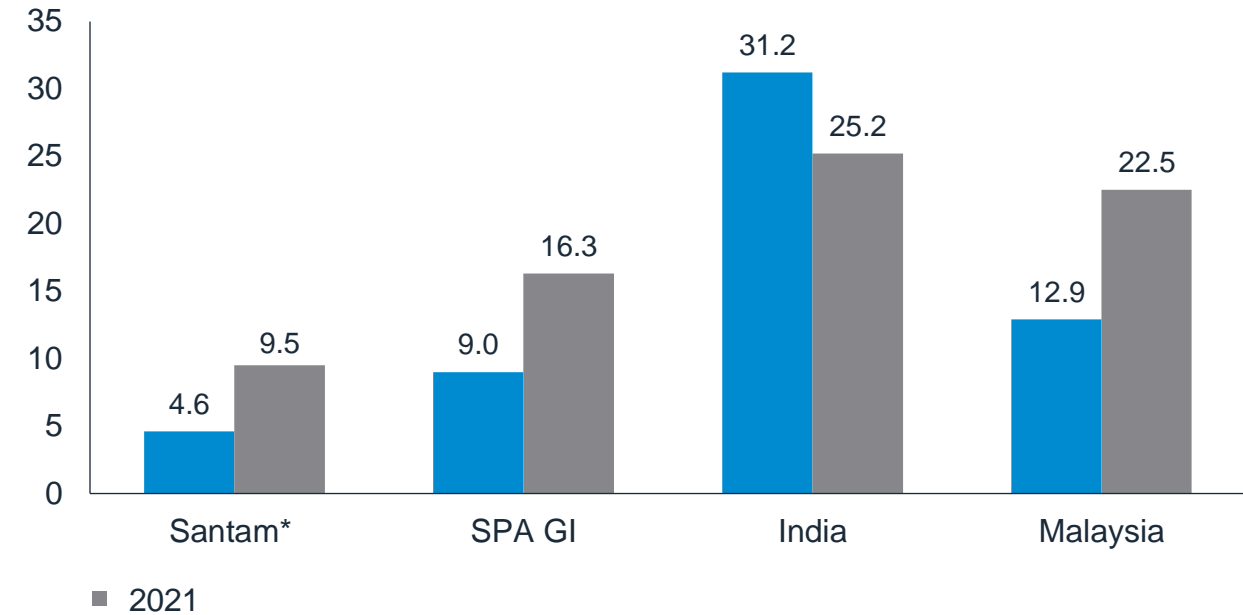


General insurance underwriting and insurance margins

Underwriting margin (%)



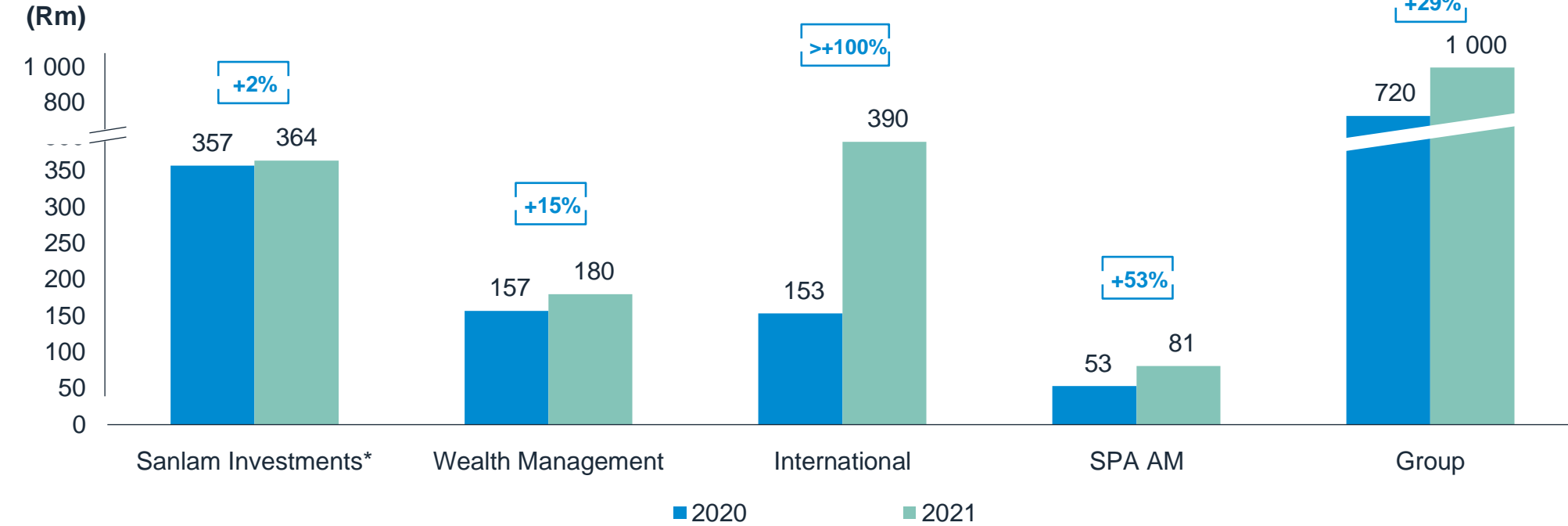
Insurance margin (%)



- Santam benefited from improved liability and property classes, partly offset by normalisation in motor book and KwaZulu-Natal unrest; lower interest rates impacted investment return on insurance funds
- SPA GI impacted by adverse claims experience in specialist classes in East and Southern Africa and weaker performance from the health business; insurance margin benefited from improved investment return on insurance funds
- India underwriting margin impacted by lack of premium growth and delayed claims settlement; insurance margin satisfactory

* conventional business

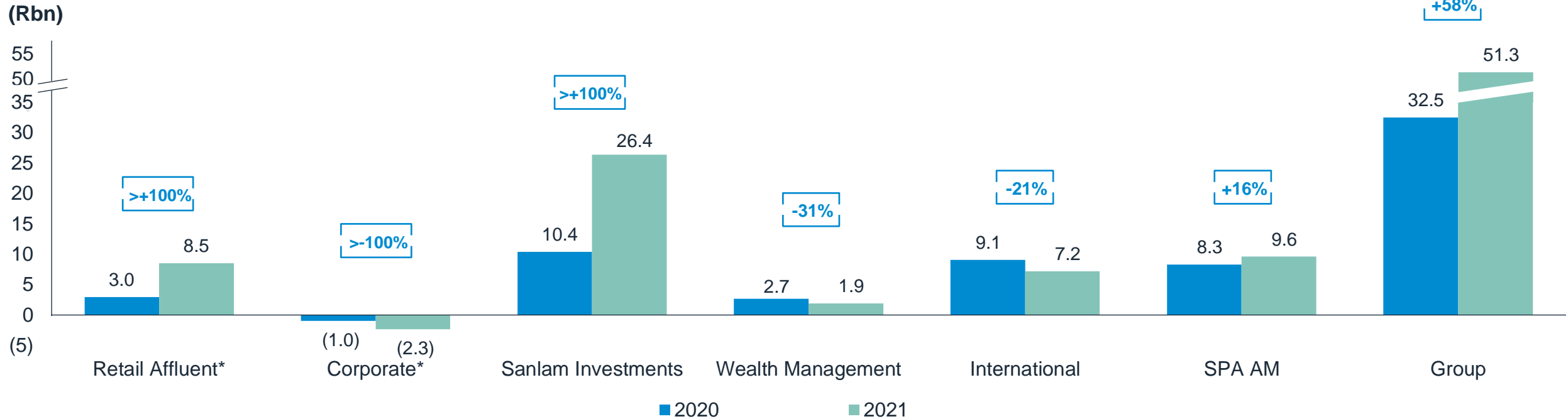
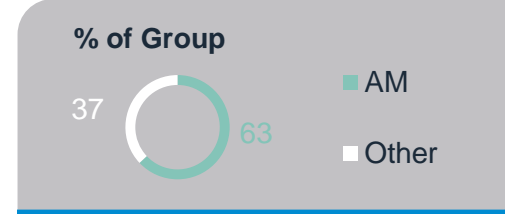
Asset management net operating earnings



- Sanlam Investments net earnings impacted by lower performance fees; gross operating earnings increased 14% before performance fees
- Wealth Management benefited from higher performance fees, assets under management and diversification initiatives
- International reflects improved performance in Sanlam UK

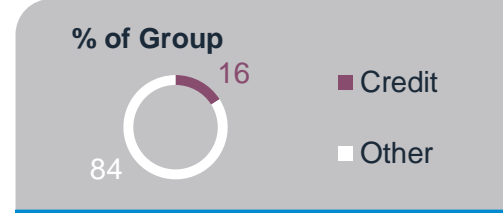
constant currency * Excluding non-controlling interests

Asset management net client cash flows

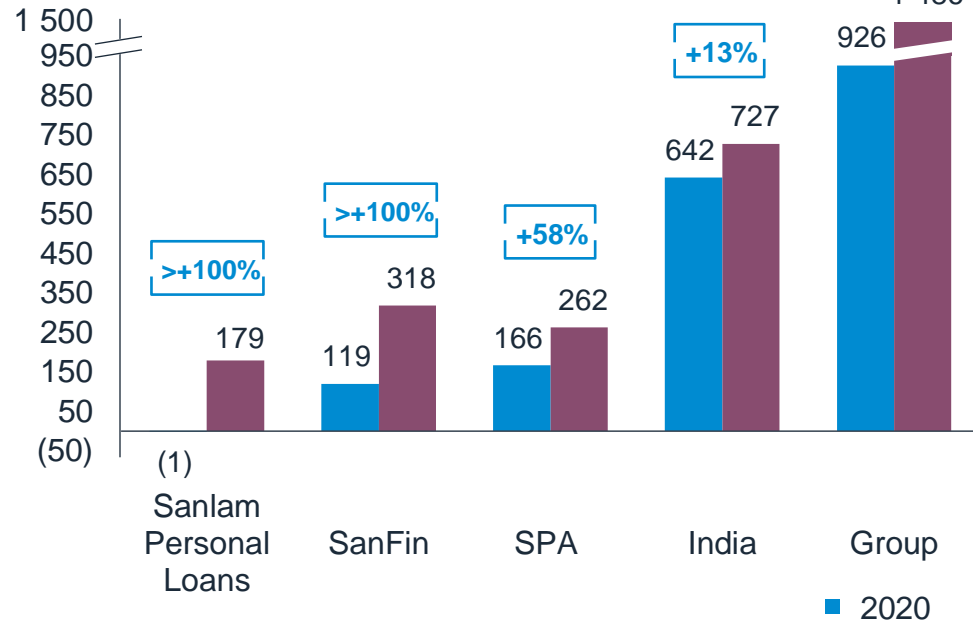


- Retail Affluent benefited from strong flows into Glacier LISP
- Corporate outflow of low margin products
- Sanlam Investments net inflows benefited from Satrix, Sanlam Multi-Manager and Retail Implemented Consulting
- Wealth Management and International declined from a high 2020 base

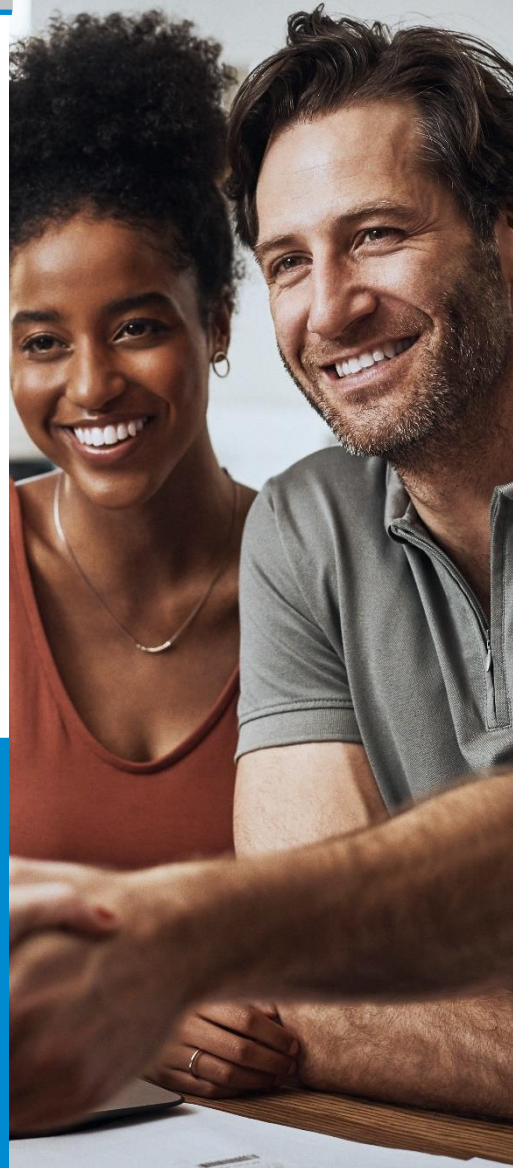
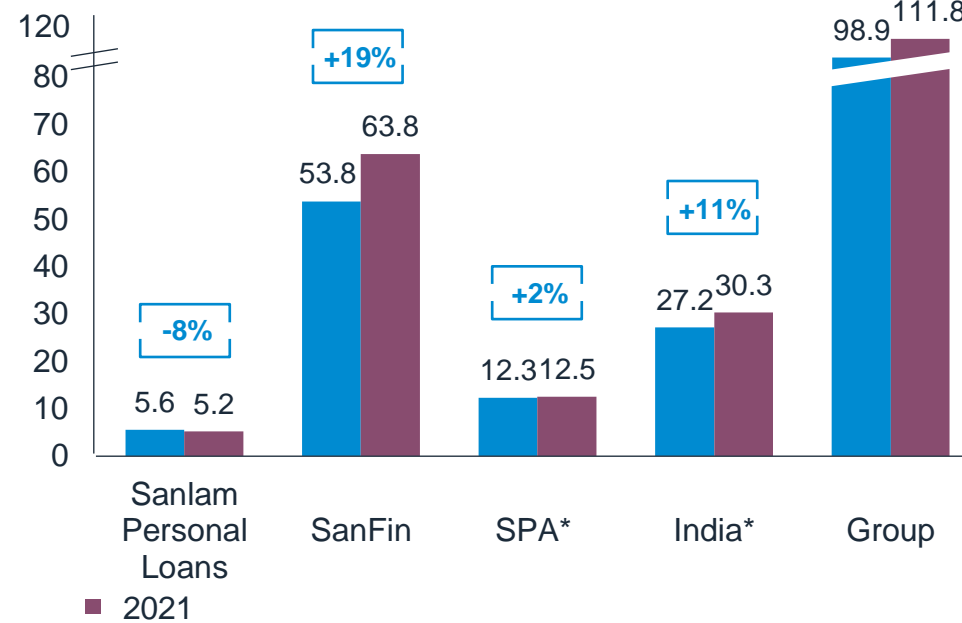
Credit and structuring



Net result from financial services (Rm)



Credit book size (gross) (Rbn)



- Sanlam Personal Loans benefited from lower bad debts, partly offset by lower interest income from a decline in the advances book
- SanFin improved due to marked-to-market gains on local and offshore listed bonds
- India benefited from higher net interest income



04

Priorities and outlook

Paul Hanratty



Operational

- Ongoing monitoring of COVID-19 pandemic to assess adequacy of pricing and other measures
- Consolidate and build on strong performance from 2021 on all key metrics
- Continued focus on improving customer experience and outcomes particularly through digitalisation – Sanlam 2.0
- Maintain focus on ESG, sustainability and governance



Strategic

- Complete acquisitions announced in 2021 and integrate them successfully into Sanlam
- Continue to strengthen and grow the SEM portfolio in Africa
- Support MTN partnership
- Continue to allocate capital judiciously, rationalising for value where there is no strategic fit
- Develop new digital business models – Sanlam 3.0

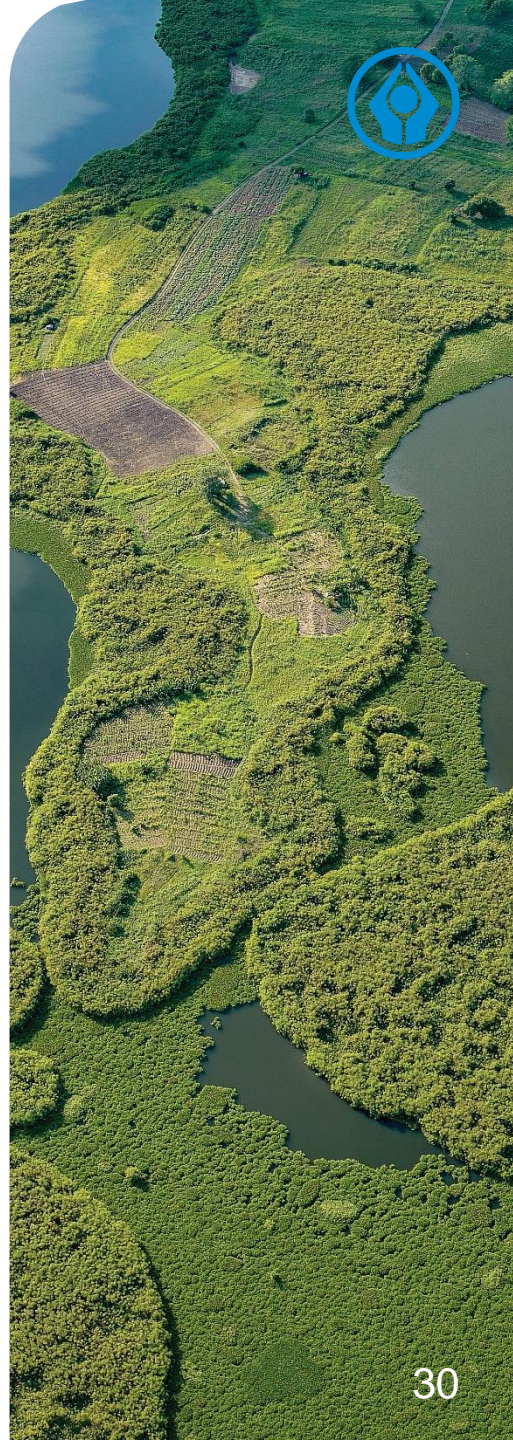


People

- Enhance our culture with particular emphasis on growing our talent and improving innovation
- Employee wellness and managed return to office
- Transition to hybrid ways of working and mandatory vaccination policy for staff

●● Outlook

- Sanlam is well-positioned to capture growth opportunity in Africa
- Ongoing focus on digital transformation
- Sanlam has a Fortress position in South Africa that will continue to thrive even in a modest growth environment
- COVID-19 pandemic will take time to transform itself into an endemic disease
 - Pattern will vary across our different businesses, impacted by local vaccination programmes
 - Strong actuarial steps taken to mitigate future negative financial impacts
 - Monitoring and modelling in place
- Group capital position strong and a much higher level of discretionary capital is in place to support unexpected COVID-19 impacts
- Crisis in Ukraine creates additional uncertainty
- Outlook for discretionary capital creates flexibility for the Group once it is clear that the pandemic has become endemic and that actuarial responses are adequate





05

Additional information

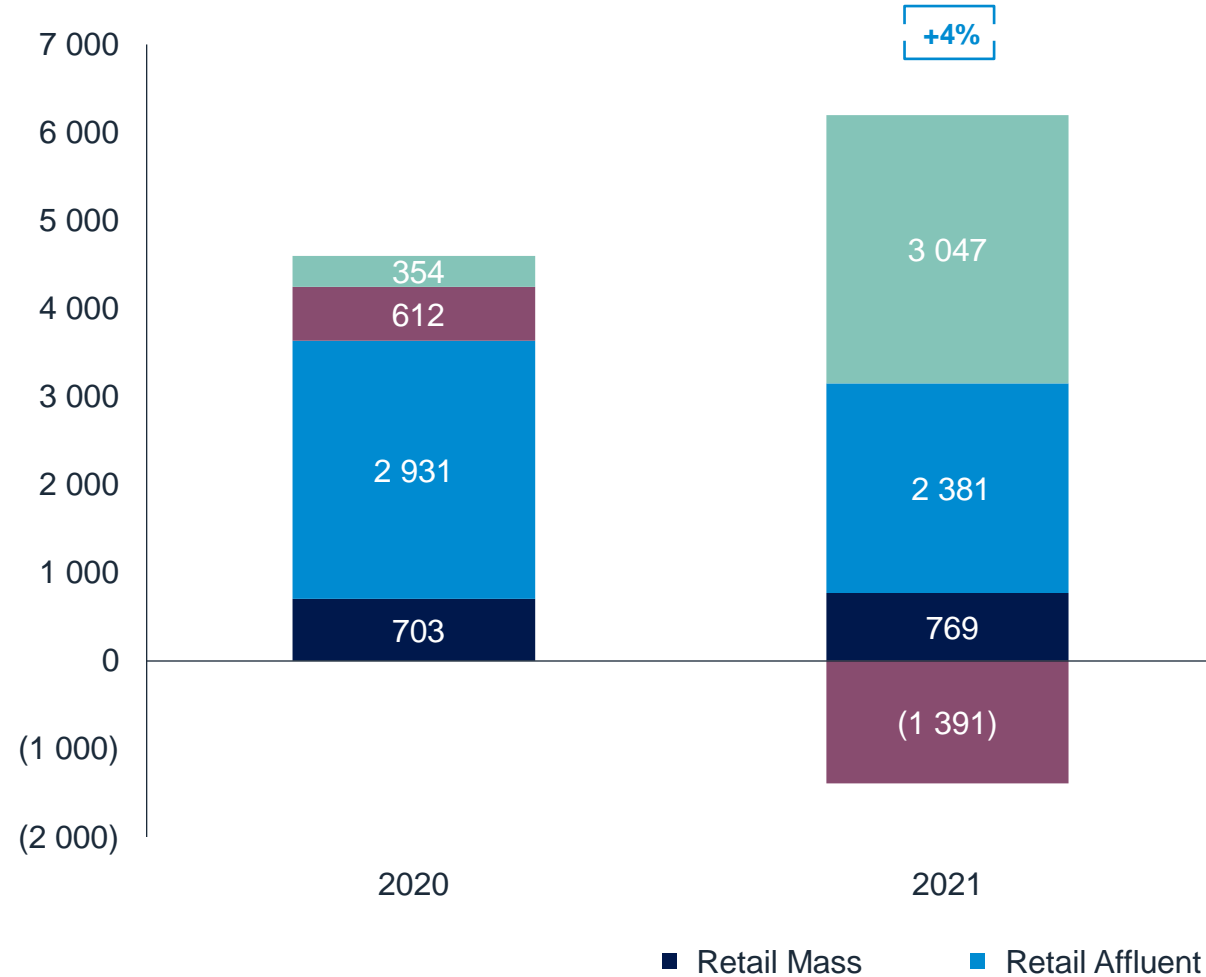
Cluster contributions



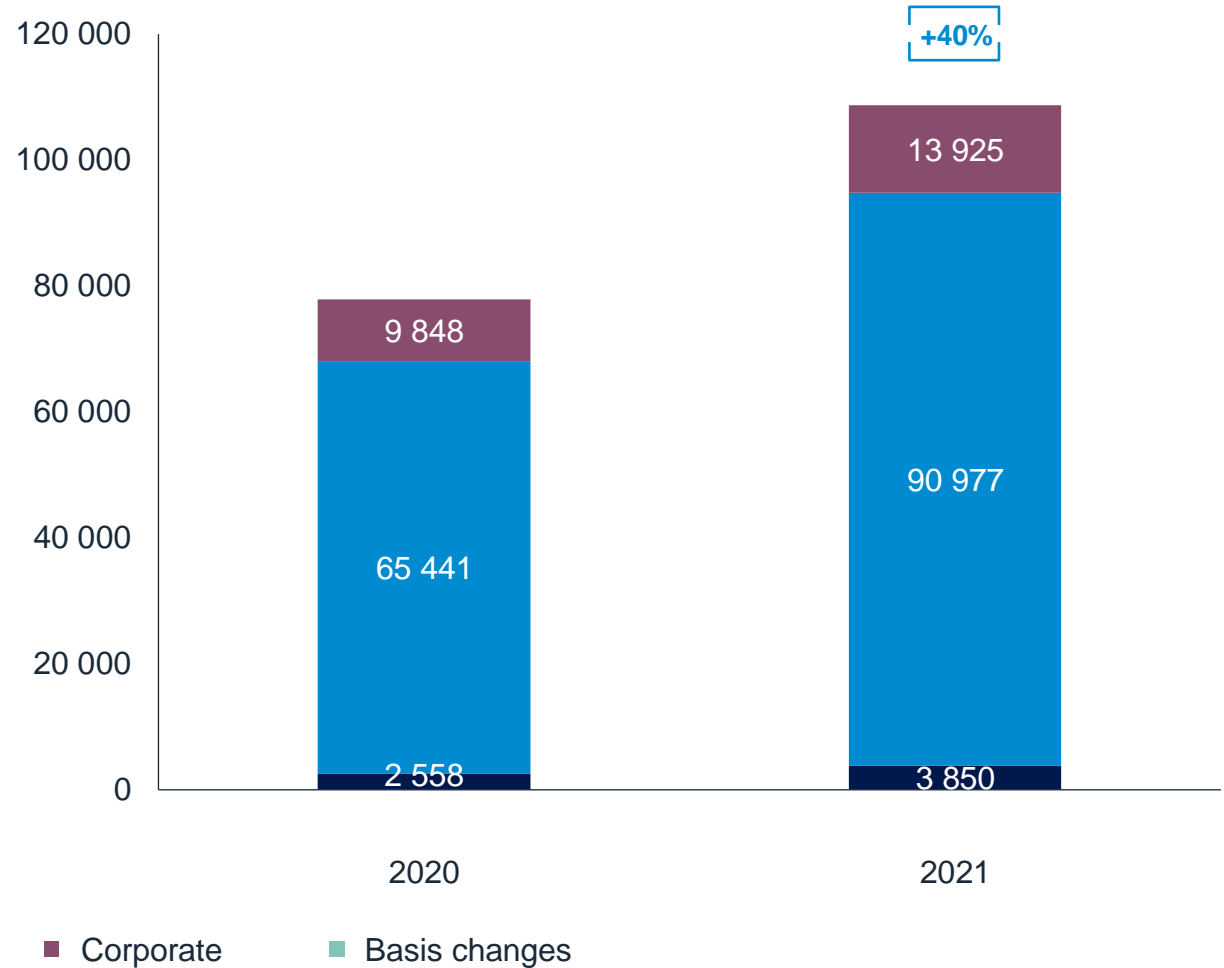
R million	Net result from financial services				New business volumes				Net inflows			
	2021	2020	%	% (CC)	2021	2020	%	% (CC)	2021	2020	%	% (CC)
Sanlam Life and Savings	4 806	4 600	4	4	108 752	77 847	40	40	15 257	11 351	34	34
Sanlam Emerging Markets	2 227	2 377	(6)	9	48 799	46 898	4	13	19 840	21 192	(6)	4
Sanlam Investment Group	1 298	805	61	63	171 752	161 470	6	7	33 047	21 130	56	59
Santam	1 378	686	>100	>100	26 583	24 660	8	8	10 178	7 890	29	29
Group office and other	(240)	(86)	(>100)	>100								
Sanlam Group	9 469	8 382	13	18	355 886	310 875	14	16	78 322	61 563	27	32



Net result from financial services (R million)

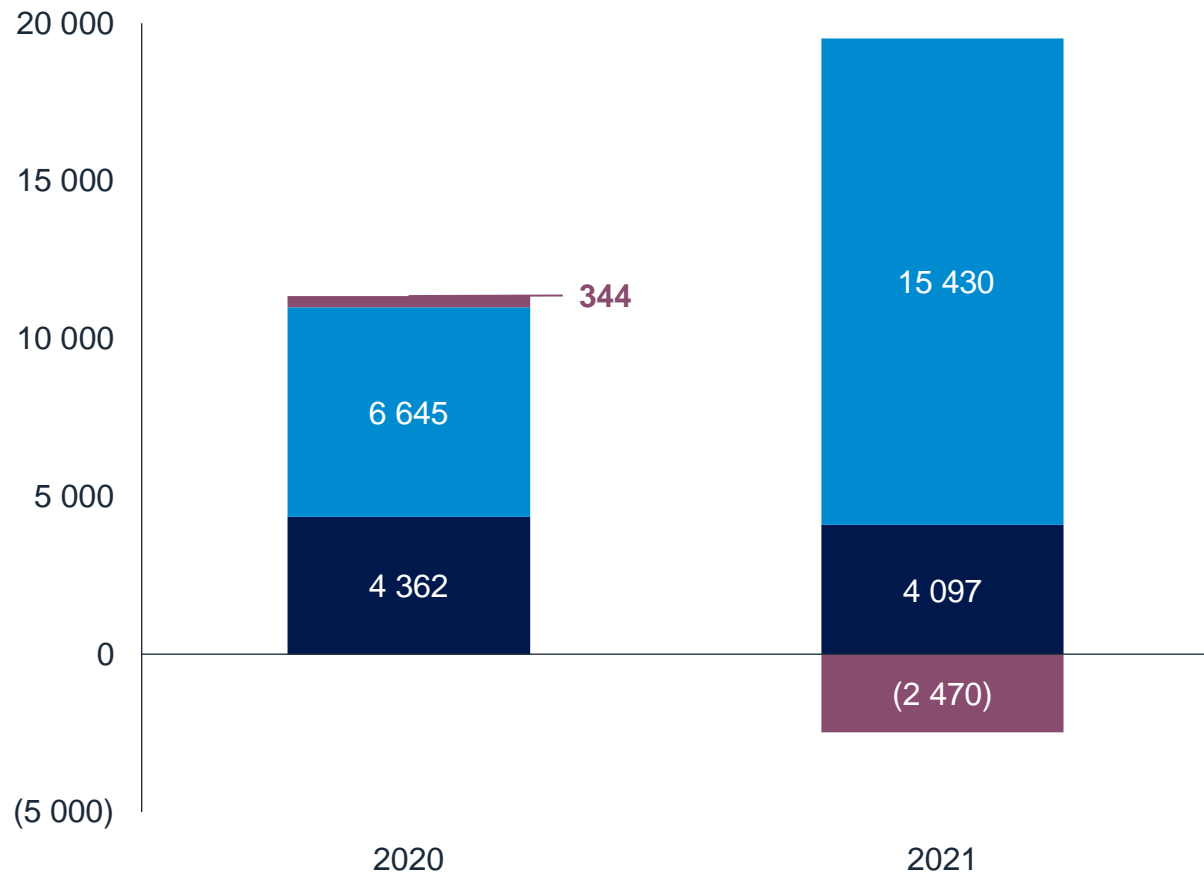


New business volumes (R million)

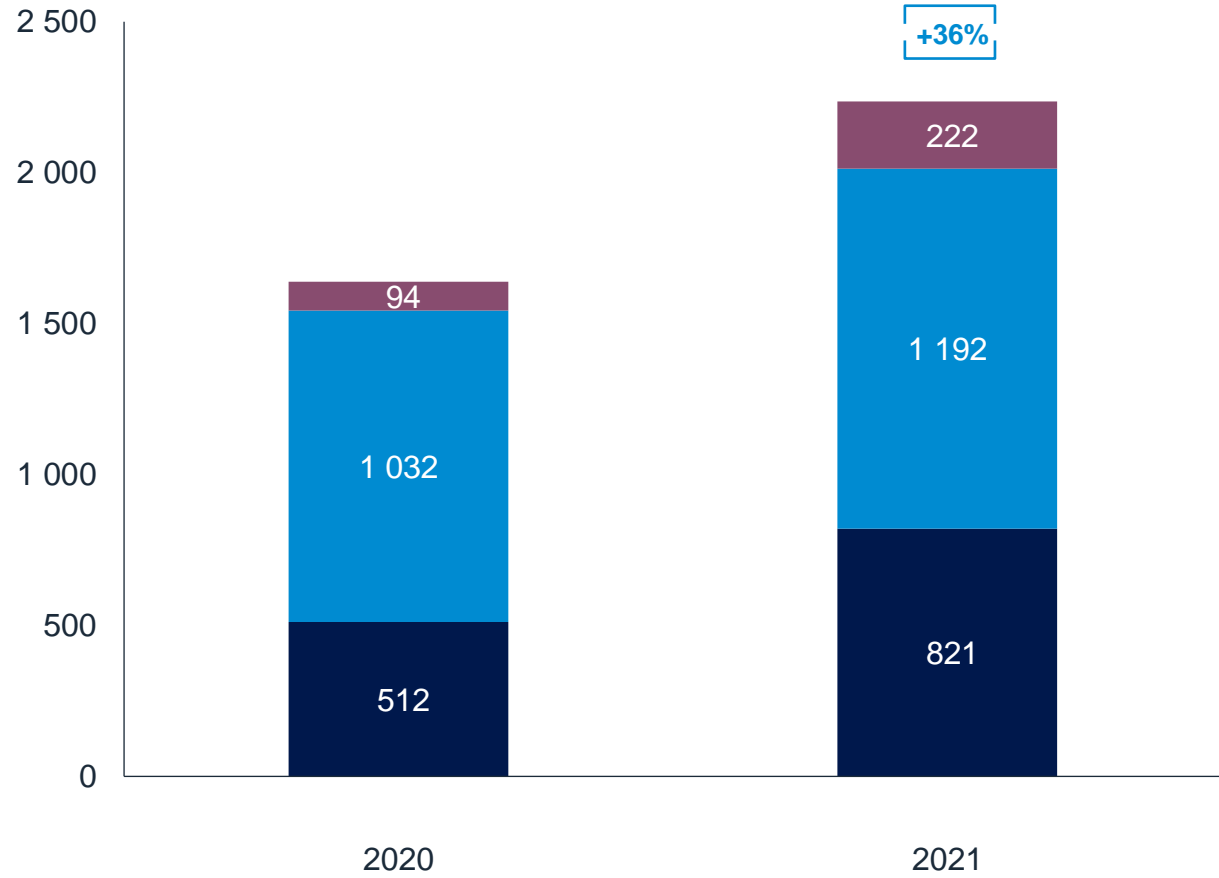




Net fund inflows (R million)



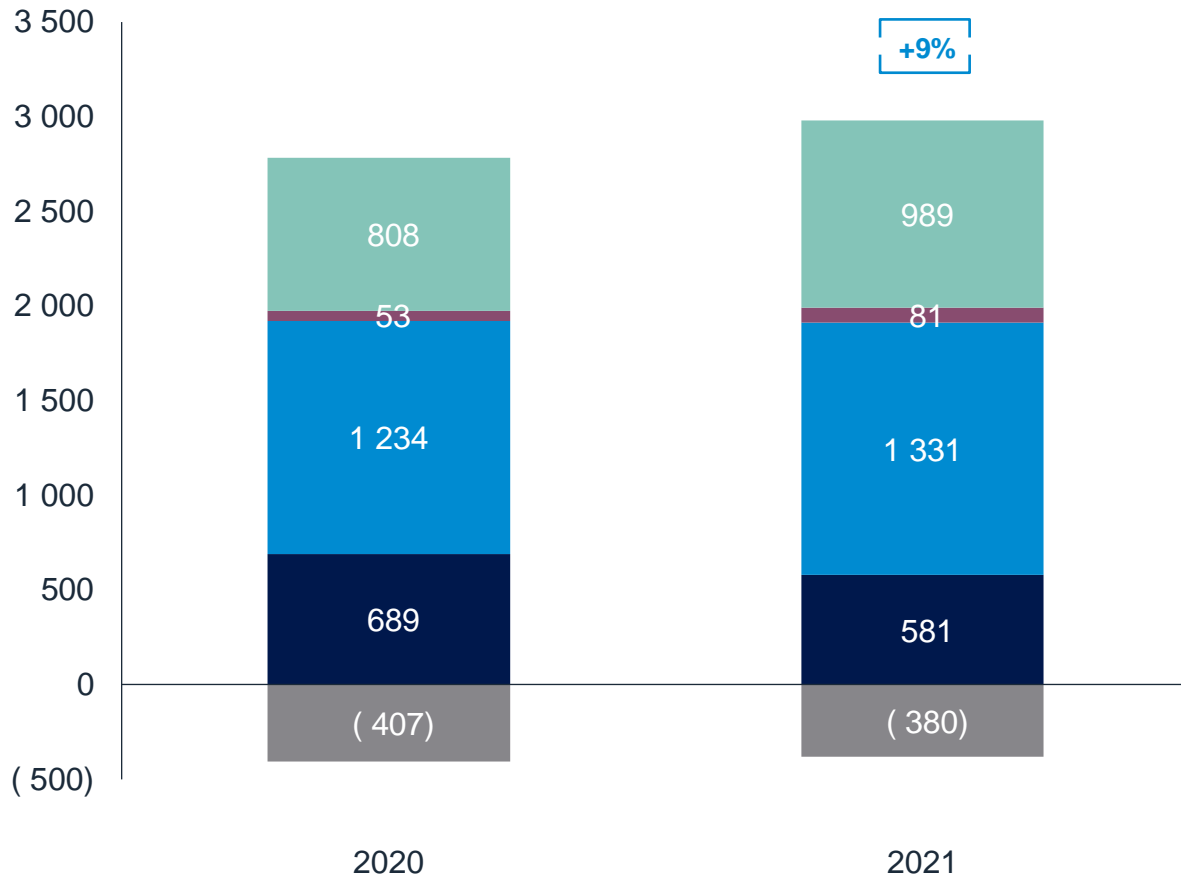
Net value of new business (R million)



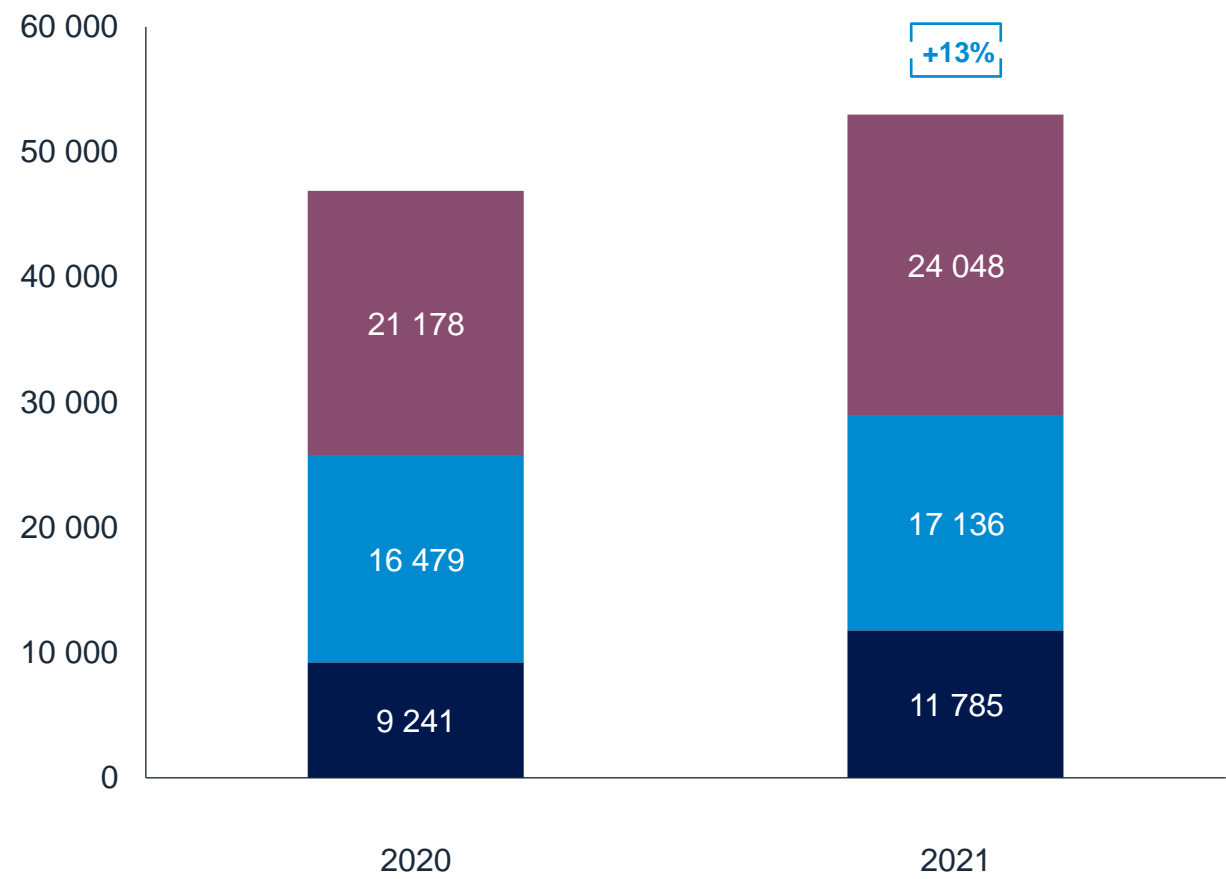
■ Retail Mass ■ Retail Affluent ■ Corporate



Net result from financial services (R million)



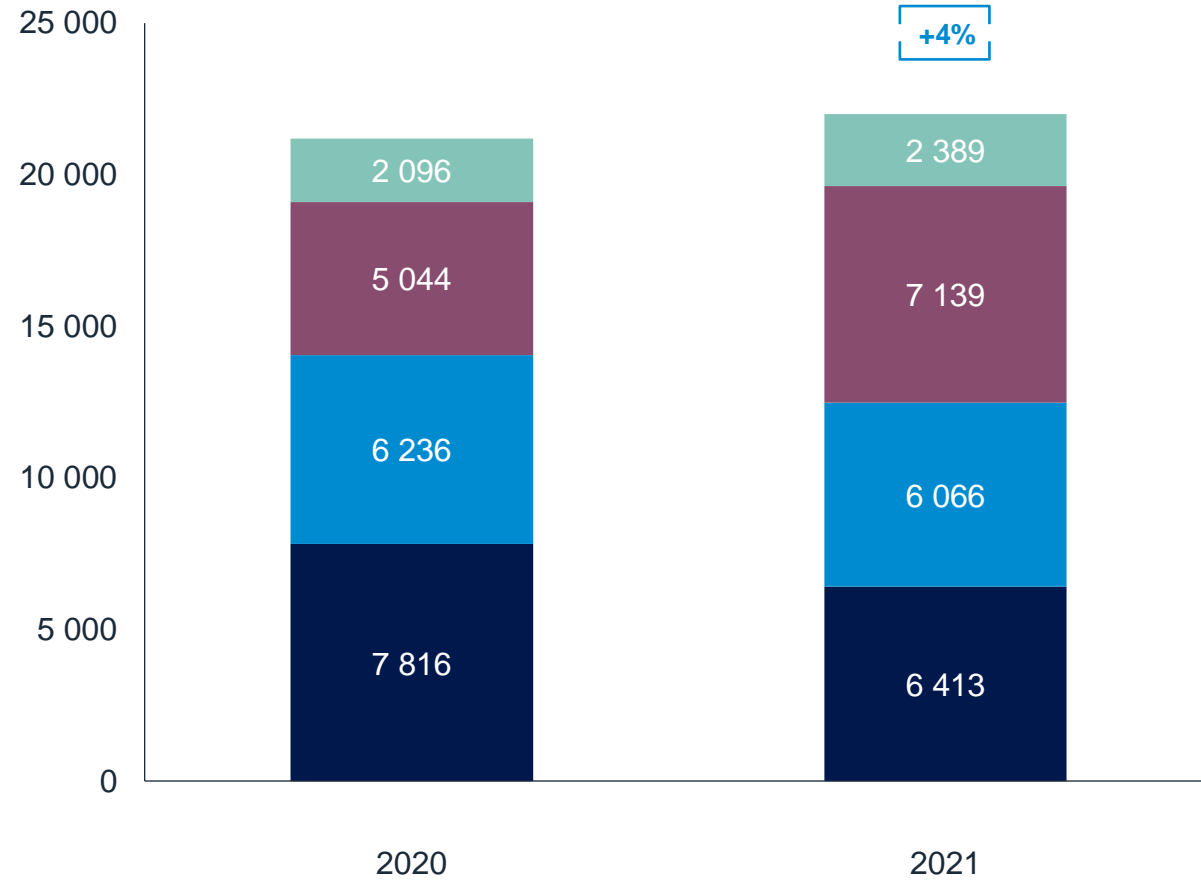
New business volumes (R million)



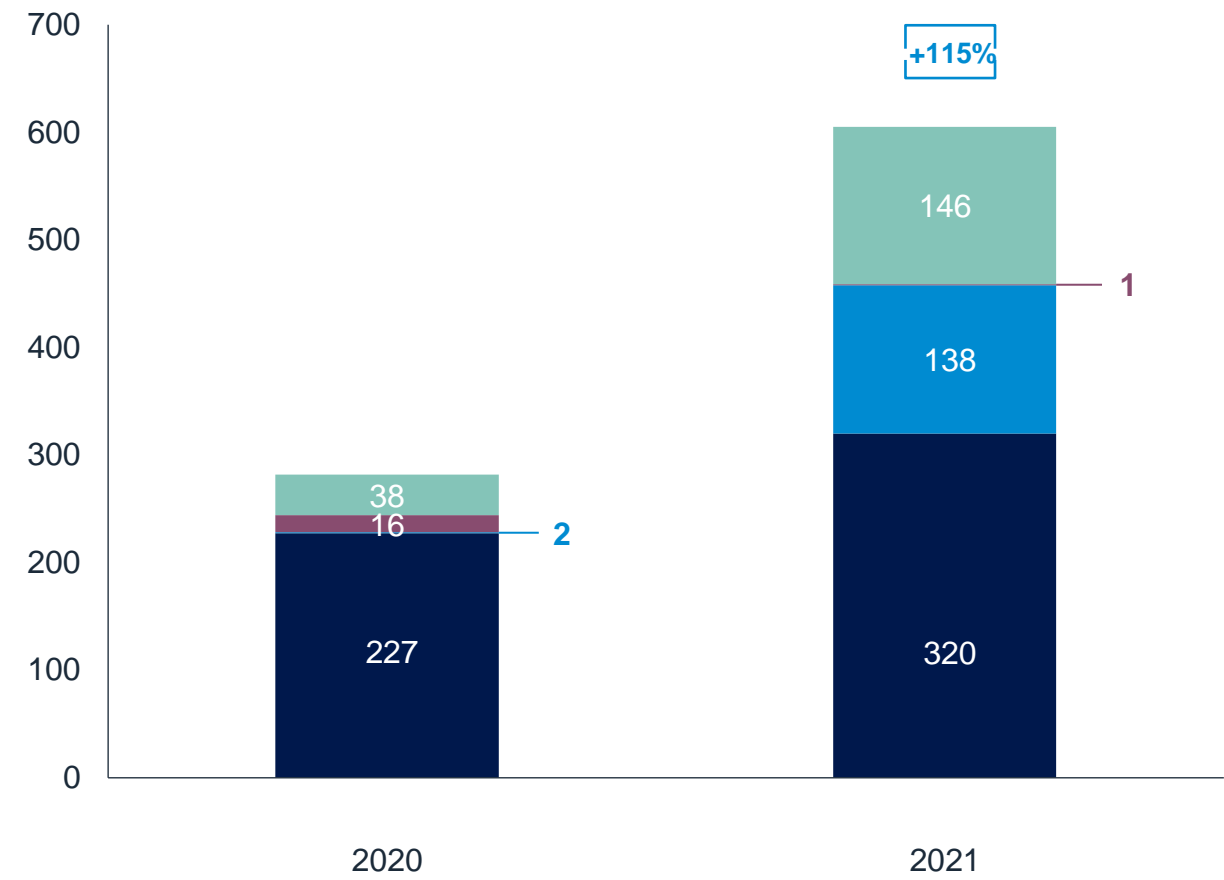
■ Life insurance ■ General insurance ■ Investments ■ Credit ■ Other



Net fund flows (R million)



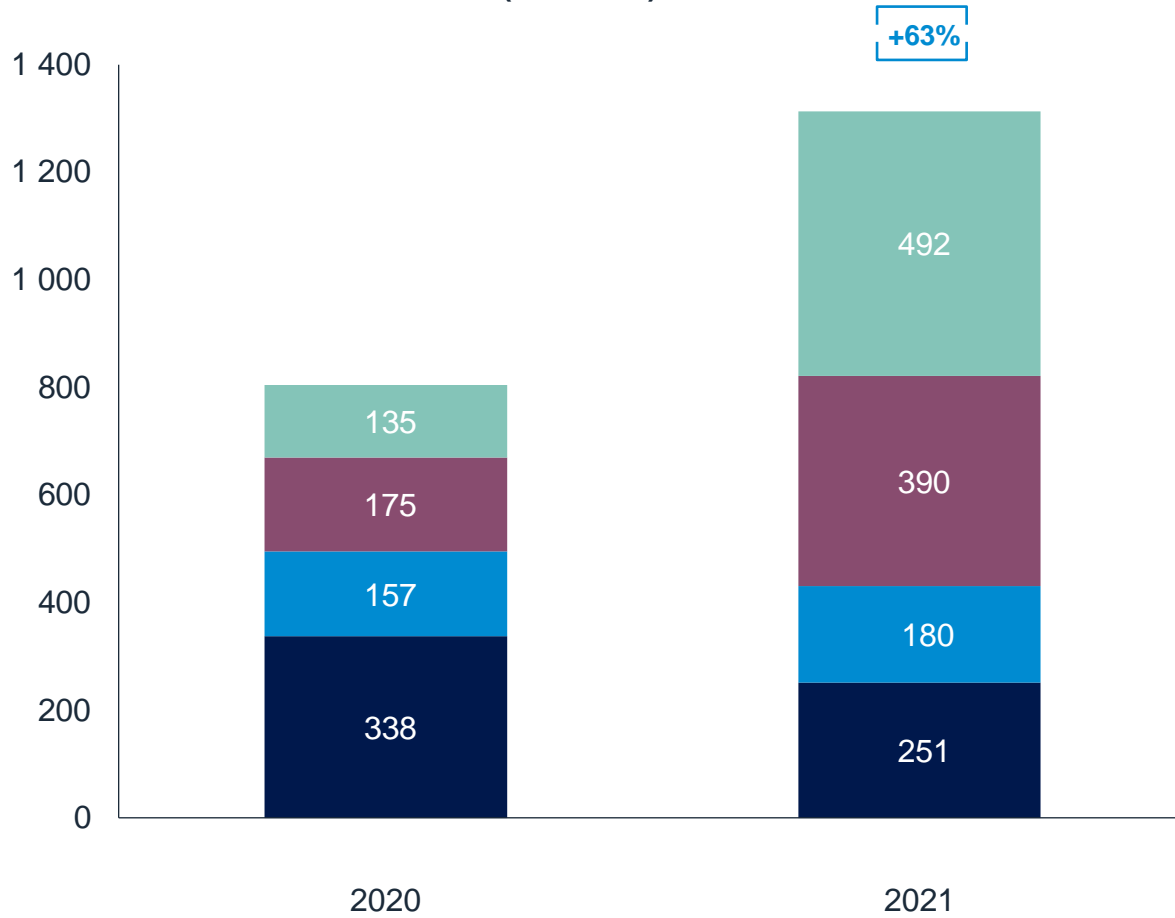
Net value of new business (R million)



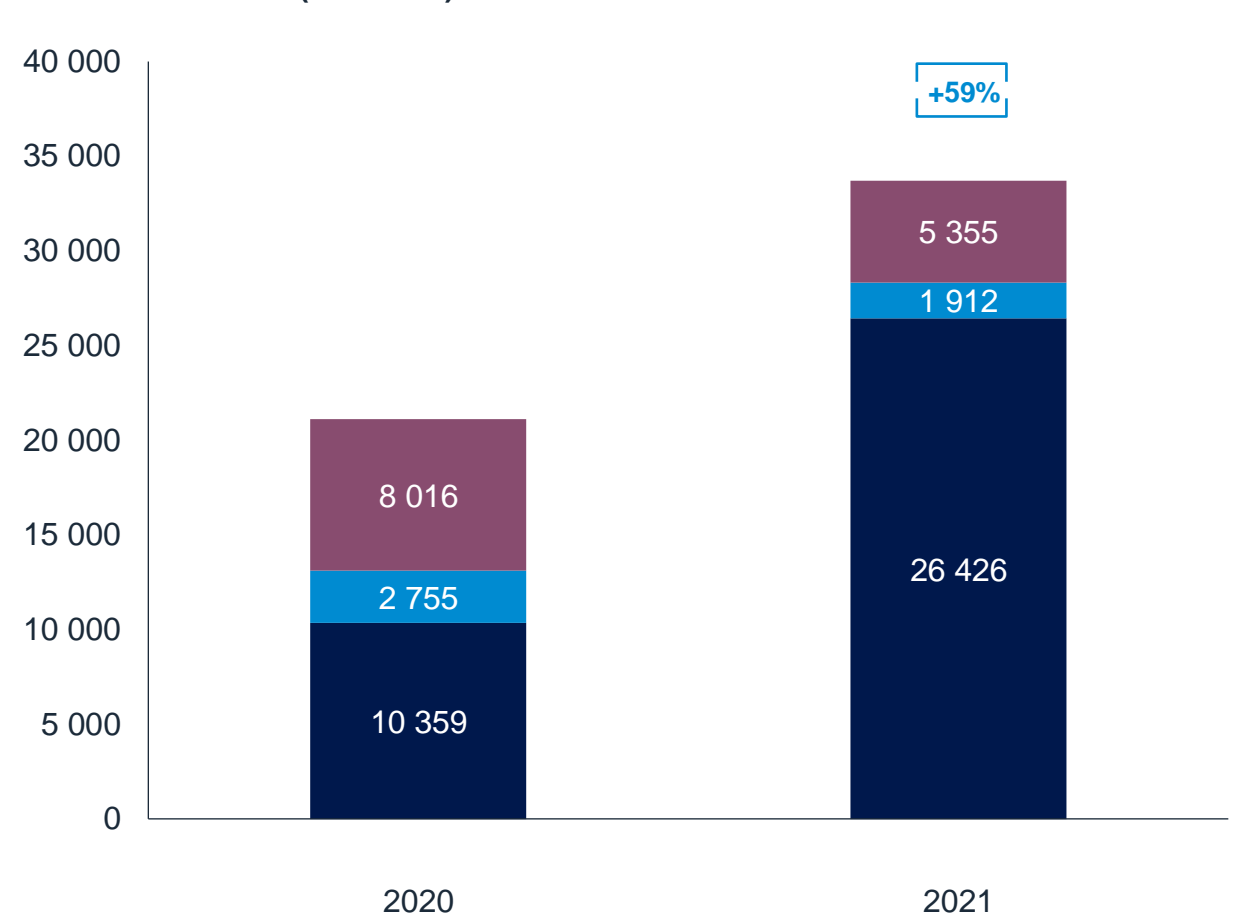
■ Southern Africa
 ■ North and West Africa
 ■ East Africa
 ■ Other International



Net result from financial services (R million)



New fund inflows (R million)



■ Sanlam Investments* ■ Wealth Management ■ International ■ SanFin

*Including non-controlling interests, constant currency

Contact

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